

## The complaint

Miss T has complained that FirstRand Bank Limited trading as MotoNovo Finance (MotoNovo) unfairly provided her with credit for a car.

## What happened

In September 2018, Miss T entered into a finance agreement with MotoNovo for the purchase of a car as shown below. She then settled the agreement in December 2022.

Date	Amount of credit	Term	Monthly payment	Total repayable
September 2018	£7,795.00	51 months	£177.89	£9,053.50

In January 2024, Miss T complained to MotoNovo with the help of a professional representative. In the complaint, Miss T said she didn't think MotoNovo had lent to her responsibly. She felt it had failed to undertake a reasonable assessment of her creditworthiness and had MotoNovo completed the appropriate checks it would have found the lending was unsuitable for her. She's said this led to an unfair relationship.

MotoNovo looked into Miss T's complaint and issued a final response letter explaining it believed it had acted fairly when completing its checks. It said it had confirmed the agreement was affordable by taking account of the information she provided during the application and checking the information the credit reference agencies held about her. MotoNovo has said based on the information it found, it believes its decision to lend was fair.

Miss T didn't accept MotoNovo's response, so she referred her complaint to our service with the help of her representative. One of our investigators looked into it and said that he didn't think MotoNovo had completed proportionate checks and had it done so, it would have found the lending to be unaffordable. So, he didn't think MotoNovo had acted fairly in lending to Miss T.

MotoNovo didn't agree with the investigators findings and didn't accept what he said. So, it asked for a final decision on the case. As no agreement could be reached, the complaint has been passed to me to decide.

## What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I reached a different outcome to the investigator, so I issued a provisional decision saying:

*"I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:*

- *Did MotoNovo carry out reasonable and proportionate checks to satisfy itself that Miss T was*

*able to sustainably repay the credit?*

- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did MotoNovo make a fair lending decision?*
- *Did MotoNovo act unfairly or unreasonably towards Miss T in some other way?*

*MotoNovo had to carry out reasonable and proportionate checks to satisfy itself that Miss T would be able to repay the credit sustainably. It needed to assess the likelihood of Miss T being able to repay the credit, as well as considering the impact of the repayments on her.*

*There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments, the cost of the credit and the customers circumstances.*

*MotoNovo has provided a copy of the credit search it undertook. This shows that Miss T was generally managing her credit well and that she wasn't over indebted or reliant on credit.*

*MotoNovo has said Miss T told it her annual income was around £25,000 (around £1,698 a month). But it's said it didn't verify this, and I can't see it gathered any information about Miss T's essential expenditure, outside her repayments to existing credit. I acknowledge Miss T was managing her active credit well at the time of the lending. But I think it would have been reasonable for MotoNovo to get a better understanding of Miss T's finances before lending. Whilst MotoNovo had some idea about Miss T's income and outgoings it hadn't accounted for other essential expenditure, aside from credit repayments, which I think would have been reasonable.*

*There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that MotoNovo needed to see Miss T's statements in order to lend to her. That said Miss T has been able to provide this service with copy bank statements from the time of the lending. In the absence of any other evidence, I think it's reasonable to rely on these to establish what MotoNovo would likely have found had it estimated or asked Miss T about her finances.*

*Having reviewed the statements for the three months prior to the lending, I've been unable to fairly recreate the figures reached by the investigator. From what I've seen, Miss T had an average disposable income of around £1,000 each month after accounting for her committed essential expenditure, such as other credit, insurance, utilities and other regular committed essential expenditure. So, I think Miss T was left with a reasonable amount to cover repayments to this agreement, any financial shocks, food, and leisure activities. Given this, had MotoNovo done further checks to establish Miss T's income and expenditure, I think it would more likely than not have reasonably concluded the agreement was sustainably affordable for Miss T.*

*Overall, I think MotoNovo's checks could have gone further. But based on the information available, I'm not satisfied the decision to approve the lending was unreasonable. I can see that Miss T maintained the agreement well and successfully completed repayments in December 2022. I can't see there were any signs of financial distress that MotoNovo should have been aware of or that Miss T contacted it for support. So, I haven't seen anything here to suggest MotoNovo treated Miss T unfairly throughout the life of the agreement.*

*I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that MotoNovo created unfairness in its relationship with Miss T by lending to her irresponsibly, or in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that*

*s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.*

*I'm very sorry to disappoint Miss T, but for the reasons set out, I don't find that Miss T's relationship with MotoNovo was unfair, and I can't conclude MotoNovo treated her unfairly in any other way based on what I've seen."*

MotoNovo didn't provide any further comments, but Miss T's representatives did respond. They explained that based on its own calculations of Miss T's expenditure, had MotoNovo completed proportionate checks, it would have found that the lending was unaffordable. Particularly once it accounted for her essential expenditure, the cost of vehicle tax and insurance, and repayments to the agreement.

I've carefully reviewed Miss T's representatives' comments. I can see they have based their calculations on the exact amounts Miss T spent, in particular on items such as food and a category it has labelled "other". But as I said in my provisional decision I don't think MotoNovo needed to review Miss T's bank statements before lending. So, I think it's unlikely MotoNovo would have known exactly how much Miss T was spending on things such as food. And I'm not satisfied the representatives calculations are a fair reflection of what MotoNovo would have found had it completed proportionate checks.

I accounted for Miss T's committed essential expenditure in my assessment including utilities, car insurance, car tax, other insurances, repayments to credit, and communications. In addition to taking account of these kinds of expenses, I think it would have been reasonable for MotoNovo to apply reasonable estimates, for things such as food. Taking all of this into consideration I found that Miss T had enough disposable income to cover the costs of the agreement, her committed essential expenditure, reasonable expenditure on food, and unexpected expenses. Having considered the further comments from Miss T's representatives and based on the evidence available, my view on this hasn't changed. Given this, I see no reason to depart from the findings reached in my provisional decision.

### **My final decision**

My final decision is that I don't uphold Miss T's complaint about FirstRand Bank Limited trading as MotoNovo Finance for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 28 April 2026.

Charlotte Roberts  
**Ombudsman**