

The complaint

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

What happened

In August 2018, Miss S entered into a finance agreement with MotoNovo for the purchase of a car as shown below. She then settled the agreement in October 2023.

| Date | Amount of credit | Term | Monthly payment | Total repayable |
|-------------|------------------|-----------|-----------------|-----------------|
| August 2018 | £5,398.00 | 60 months | £121.98 | £7,657.80 |

In November 2024, Miss S complained to MotoNovo. In the complaint, Miss S said she couldn't afford the agreement at the time of her application because of all the other lending she had. Miss S said had MotoNovo completed the appropriate checks it would have found the lending was unaffordable for her and that this led to an unfair relationship.

MotoNovo looked into Miss 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 checking the information the credit reference agencies held about Miss S. It's also said Miss S maintained the agreement without issue and didn't tell it she was struggling to manage the agreement. In summary MotoNovo has said it feels it acted fairly.

Miss S didn't accept MotoNovo's response, so she referred her complaint to our service. One of our investigators looked into it, and based on the evidence available, our investigator said they didn't think MotoNovo's decision to lend was unfair.

Miss S didn't accept what our investigator said and 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.

I think it would be helpful to be clear that the lending decision here took place more than six years before Miss S complained to MotoNovo. However, MotoNovo has consented to this service looking into the complaint.

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 S 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 S in some other way?

MotoNovo had to carry out reasonable and proportionate checks to satisfy itself that Miss S would be able to repay the credit sustainably. It needed to assess the likelihood of Miss S 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 Miss S didn't have any recent adverse markers on her credit file, but it was evident that Miss S had a considerable amount of other lending given her income, including a recent payday loan. This could have indicated that Miss S was becoming reliant on credit and that she may struggle to maintain payments to all of her creditors. So, to ensure it was lending fairly I would have expected MotoNovo to check that after paying for all other credit and essential living costs Miss S would be able to afford the agreement.

MotoNovo has said Miss S told it her annual income was just over £19,100 and that she was living with her parents. But it didn't verify this, and I can't see it gathered any information about Miss S' essential expenditure, outside her repayments to existing credit it could see from her credit file. I acknowledge Miss S was managing her active credit well at the time of the lending. But given the amount of credit Miss S had taken out recently and the payday loan, I think it would have been reasonable for MotoNovo to get a better understanding of Miss S' finances before lending.

So, I think it would have been reasonable for MotoNovo to verify Miss S's income and assess her non-discretionary expenditure.

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 S' statements in order to lend to her. Rather I think it needed to verify Miss S' income and ask her for more information about her regular essential expenditure. That said Miss S 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 asked Miss S more questions about her finances.

I can see from the statements for the three months prior to the lending Miss S had an average income of around £1,330 each month in the period before the lending. So, had MotoNovo verified her income, I think it's likely it would have found what Miss S had declared to be accurate.

In addition to the other debt repayments identified by MotoNovo, Miss S was regularly withdrawing cash from her account as well as transferring funds between her own accounts. She's said in addition to her credit repayments she was paying £400 in cash to her late mother for board. She was also paying a mobile phone bill monthly. Taking account of the income into Miss S's account and the essential committed expenditure shown in the statements, she appears to be left with enough disposable income to cover repayments to this agreement and be left with some funds to spare. So, had MotoNovo done further checks to establish Miss S' income and expenditure, I think it would have reasonably concluded the agreement was affordable for her.

Miss S has said she was withdrawing cash from her account at the time of the lending to spend on gambling. I'm sorry to hear of her struggles with this and I hope things have

improved for her. However, as I've said I don't think MotoNovo necessarily needed to see her bank statements before lending, so I don't think there's any way it could have known about this. And I think it's unlikely that Miss S would have declared this to MotoNovo at the time. Even if MotoNovo had seen Miss S' statements, I don't think it would be reasonable to conclude that it should have known she had any issues with gambling. I say this because Miss S was withdrawing cash for the transactions so there would have been no way for MotoNovo to determine that Miss S was using the funds to gamble from the statements alone.

Overall, I think MotoNovo's checks should have gone further. But based on the information available, I'm not satisfied that further checks would have shown the decision to approve the lending was unreasonable.

I can see that Miss S maintained the agreement well throughout its term. I also can't see that she contacted MotoNovo at any point to ask for support or to let it know she was struggling financially. So, I haven't seen anything here to suggest MotoNovo treated Miss S 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 S 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 S, but for the reasons set out, I don't find that Miss S'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.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 22 May 2026.

Charlotte Roberts
Ombudsman