

The complaint

Mr W complains that MotoNovo Finance Limited didn't collect his car after it had been impounded.

What happened

In November 2021 Mr W was supplied with a car and entered into a hire purchase agreement with MotoNovo.

In April 2022 the account fell into arrears. Mr W spoke to the collections department at MotoNovo to explain why he had failed to make payments.

In November 2022 Mr W contacted the collections department and said the car had been seized by DVLA due to it having no tax. Mr W told the agent that the car was in a compound and asked how he could get it back. The agent advised Mr W that he would need to provide proof of his driving licence, insurance and evidence that the car was either taxed or SORN. Mr W contacted the collections department again a couple of days later and said he'd been advised that it would cost £200 to release the car plus £21 per day storage. Mr W said he wasn't able to pay these fees.

MotoNovo looked into collecting the car. It calculated the cost of collecting the car and took into account the value of the car and the arrears under the agreement and concluded that there was no benefit in collecting the car. MotoNovo removed its interest in the car and notified the compound.

Mr W complained to MotoNovo. He said that MotoNovo had agreed to collect the car and return it to him but instead they had failed to let him know what was happening and the car was later sold at auction. Mr W said he wanted MotoNovo to pay compensation for the loss of the car and remove his account balance.

MotoNovo upheld the complaint on the basis that it had provided poor service to Mr W. It acknowledged that the collections department had failed to notify Mr W of its intentions to remove its interest in the car. MotoNovo credited Mr W's bank account with compensation of £100 for the distress and inconvenience caused by the poor service. Mr W remained unhappy and complained to this service,

Our investigator didn't uphold the complaint. They said that Mr W had told the collections department that he couldn't pay the fees to collect the car, and that it was reasonable for MotoNovo to have removed its interest in the car because when taking into account the level of fees and the arrears, and the value of the car, there was no benefit to MotoNovo collecting the car.

Mr W didn't agree. He said that if MotoNovo had told him that it didn't intend to collect the car, he could've found another way to raise the fees to collect it himself, instead of losing the car and ending up in debt.

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've looked at the hire purchase agreement. The terms and conditions say that Mr W agreed to keep the car in his possession at all times and to pay all outgoings on the car, which includes things like tax and insurance. The terms and conditions also say that Mr W is responsible for repossession fees and any other fees which arise out of a breach of the agreement.

When the car was impounded, Mr W contacted MotoNovo and said he couldn't pay the fees to have the car released from the compound due to his financial circumstances. When Mr W spoke to MotoNovo he said the fees to release the car were £200 plus £21 per day storage. However, when MotoNovo looked into collecting the car, it calculated that the fees to release the car were significantly more than this.

MotoNovo explained in its final response that the compound fees and recovery costs were £347, the recovery agent low loader fee was £198, the cost to replace the keys was £200 and the auction fee was £100. This came to £845. There were also legal fees of £593, so the total costs of collecting the car as calculated by MotoNovo were £1,483.00.

At the time when collection of the car was being considered by MotoNovo, the arrears under the agreement were £1,157.07. MotoNovo valued the car at £1,175.00.

It was for these reasons that MotoNovo says it decided not to collect the car.

I appreciate that Mr W doesn't agree that all these costs would've been payable. He's queried the auction fee and the cost to replace the keys. I agree that if MotoNovo had collected the car and returned it to Mr W then there wouldn't have been an auction fee. However, the keys would've been necessary to move the car from the compound, so I think the cost of replacing the keys was likely to have been payable.

The essence of Mr W's complaint is that MotoNovo didn't treat him fairly by not giving him the opportunity to collect the car himself. I've thought about this. However, Mr W had already told MotoNovo that he couldn't afford to pay the fees to release the car from the compound. And from MotoNovo's perspective, the account was already in arrears by £1,157.00. If MotoNovo had collected the car, Mr W would have been responsible for all the fees. Those fees would have been added to his account, which was already in arrears. Mr W wasn't in employment at the time and there was no way of knowing whether his financial circumstances would change and whether he would be able to start making payments to the account again. In these circumstances, I don't think it was unreasonable for MotoNovo to decide that it wasn't commercially viable to collect the car.

Mr W has said that if MotoNovo had told him that it didn't intend to collect the car, he would've paid the fees himself by borrowing money from friends or by approaching a charity for help. I haven't seen any evidence that Mr W would have been able to do this. But even if he had managed to borrow enough money to release the car, he would still have been in a position where his account was in substantial arrears, with the risk that MotoNovo would terminate the agreement and repossess the car. This would have left Mr W with an outstanding balance under the agreement (less the sale proceeds of the car, which were unlikely to clear the arrears), and with the addition of repossession and termination fees to the account.

Taking everything into account, I don't think MotoNovo acted unfairly or unreasonably when it decided not to collect the car.

MotoNovo has acknowledged that it could've provided better customer service by letting Mr W know what it had decided to do. I've explained above why I think MotoNovo acted reasonably when it decided not to collect the car. I think the compensation paid to Mr W already for the poor customer service aspect of this complaint is fair and reasonable. So I won't be asking MotoNovo to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 January 2024.

Emma Davy
Ombudsman