

## The complaint

Mr O is unhappy that Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance (Novuna) declined him for credit, that he wasn't aware he was applying for.

## What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

*Mr O enquired about purchasing a conservatory roof from a company I shall call K. On 8 November 2021, a sales agent of K's attended Mr O's home to discuss options with him. Mr O says he wanted to go ahead with the purchase and pay cash. However, Mr O says he was given the option of paying a deposit, then a further amount after a survey and finally the remaining balance after the work was completed.*

*Mr O says this appealed to him and so he wanted to take that option. Mr O says he wasn't ever told this was a form of finance and he believed it would be a cash on completion type repayment. However, the sales agent processed a 120-month finance agreement with Novuna. The agreement also had a Buy Now Pay Later (BNPL) period of nine months.*

*This agreement was subsequently declined by Novuna. Unhappy that finance had been applied for without his knowledge, Mr O contacted Novuna to request further information. An email was sent by Novuna to confirm its reasoning for why the application was declined. However, Mr O says this was never received.*

*On 5 January 2022, Mr O contacted Novuna again and a complaint was raised. Novuna initially sent Mr O a response saying the matter had been resolved which was incorrect. On 18 January 2022, Novuna confirmed this had been sent in error and its investigations were ongoing. A further update was sent by Novuna on 31 January 2022, before it issued its final response on 8 February 2022.*

*In the final response, Novuna explained the decision to decline the application was an automatic one. Novuna went on to say the application didn't meet its lending criteria based on Mr O's age and the type of finance he was applying for. It was confirmed that no record of the declined decision would be recorded onto any credit files, but the decision to decline was a correct policy one. Regarding Mr O's complaint point that he never applied for credit in the first place, Novuna said it had spoken to K and K said it had discussed finance details and Mr O's "choice of funding form" showed his intention was to apply for finance.*

*Lastly, Novuna apologised for the incorrect letter that was sent informing the matter had been resolved. It also said there had been an error regarding the incorrect email address and therefore it agreed it hadn't acted correctly regarding the service it had provided. However, it maintained that the correct process had been followed regarding the application for finance and the decision to decline the application.*

*Unhappy with this Mr O contacted our service. One of our investigators initially considered the complaint and said she didn't feel the evidence showed Mr O was ever intending to take out finance. Therefore, Novuna should remove the searches regarding the application from Mr O's credit file. Novuna response to confirm there were no such searches as the application was declined due to a policy decision.*

*After some confusion, it was confirmed that Mr O also didn't agree. He said he was unhappy that he would have to explain he had been declined credit previously. In addition, Mr O said that Novuna didn't email him and then didn't provide evidence to show the email had been sent to the wrong email address as it claimed. Lastly Mr O was unhappy that Novuna had confirmed his bank account had been checked and there were insufficient funds to cover the transaction.*

*The complaint was then considered by a second investigator. The second investigator concluded that Novuna hadn't done anything wrong in declining Mr O's application. The investigator also confirmed there was nothing in Novuna's system notes to suggest an email had been sent to an incorrect address. The investigator said Novuna had sent an email confirming the matter was resolved in error, but that aside Mr O had been kept adequately informed of the progress on his complaint. The investigator confirmed that Novuna hadn't checked Mr O's bank account balance as this doesn't fall part of credit checks it carries out. Lastly, the investigator confirmed there hadn't been any impact on Mr O's credit file as Novuna never referred to the credit references agencies during the application process.*

*Mr O strongly disagreed with what the second investigator has said. Mr O maintained that he never applied for credit and that Novuna had said on more than one occasion his bank account had been checked. The investigator replied and explained that given the evidence he was satisfied Mr O had discussed finance with K and wanted to proceed. The investigator also repeated that he couldn't see an email being sent to the wrong address and that there was no evidence Novuna had, or said it had, checked Mr O's bank account as part of the application.*

*Mr O still disagreed and so the matter has been passed to me to decide.*

### ***What I've provisionally 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.*

*First, I would like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.*

*Mr O has maintained that his intention was never to apply for finance to purchase the conservatory roof. He has said he had sufficient cash available, but the option to pay a deposit then further instalments after the survey and work completion appealed. As I wasn't present during the conversation between Mr O and K, it's impossible for me to be 100% certain of what was discussed. I've therefore looked at the other evidence available to decide what I think was most likely to have happened.*

*Having reviewed the "choice of funding form" I'm satisfied this shows Mr O wanted to repay via a deposit and two further payments, not via finance provided by Hitachi (Novuna). There isn't anything to evidence that Mr O wanted to proceed with a 120-month loan application that was subsequently processed. The option selected on the form is cash/self funded, which provides the repayment terms that Mr O has maintained he wanted to take out.*

*It appears the cash/self funded option is separate from Novuna and the form states:*

*"...If I have selected cash/self funded option then I understand I will receive these payment terms separately. However, if I have selected a finance plan then I understand that a loan application will be completed and my details passed to the lender for approval...."*

*This leads me to believe that the cash/self funded option was what Mr O wanted and that doesn't appear to be a finance plan. Given this I'm not persuaded that an application for finance should've ever been made for Mr O. To fairly resolve this complaint point, I think Novuna should remove all trace of the application from Mr O's credit file, so it would be like it*

*never took place. However, Novuna has already confirmed it didn't record anything to the credit reference agencies. So, it doesn't need to take any further action in this regard.*

*Given this I've not gone on to consider Novuna's reasons for declining the application and its process in relation to that. This is because I'm satisfied the finance application shouldn't have been carried out. I appreciate Mr O has said that he would still have to make other lenders aware he was declined should he apply for credit on the future. I can't comment on hypothetical situations, but the application wouldn't be recorded on his credit file or be viewable by prospective future lenders.*

*I understand that Mr O has said he didn't receive an email and Novuna confirmed it was initially sent to an incorrect email address. Mr O isn't persuaded by this, because he asked for the incorrect email address that was used and says he never received a reply. Novuna has confirmed in its communication with our service that the supplier recorded the email address incorrectly at the point of sale. Instead of hotmail.com, homtail.com was input. This unfortunately caused a delay when Novuna responded to Mr O's request for further info on the application.*

*There was also a further issue when Novuna incorrectly sent a communication advising the matter had been resolved. While I acknowledge the inconvenience this likely caused Mr O, I can see that this was rectified quickly by Novuna, and it kept him updated afterwards.*

*Mr O has said that he was told by Novuna that it has checked his bank account. There isn't any evidence to suggest Novuna did this and it's confirmed doing so isn't part of its finance application process. I appreciate Mr O has said he was told this had happened. I haven't seen anything to suggest this was the case. It's possible there has been some confusion in the messaging between Novuna and Mr O in relation to this.*

*Mr O has also said that Novuna should have called him when the application was declined. I don't think it was necessary for Novuna to make a call after declining the application. The message was passed to K's sale assistant, which I believe was sufficient in the circumstances.*

*I can understand why Mr O found it distressing when he learned a finance application he hadn't requested had been processed and declined. In addition, he has been caused inconvenience by the error with an incorrect email address and being advised his complaint had been resolved and closed when that wasn't the case. For this Novuna should award Mr O £50. I'm satisfied £50 is fair and reasonable for distress and inconvenience that's been caused.*

I invited both parties to respond with new information they wanted me to consider before I made my final decision.

Both Novuna and Mr O confirmed they were willing to accept the provisional decision.

### **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.

As both Mr O and Novuna have accepted my provisional decision, and neither party has provided any new information for me to consider, I see no reason to depart from the conclusions set out in my provisional decision.

### **Putting things right**

To settle this complaint, Novuna should do the following:

- Confirm in writing there is no trace of the declined finance application on Mr O's credit file

- Pay Mr O £50 for the distress and inconvenience this matter has caused

**My final decision**

I uphold Mr O's complaint and require Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance to put things right for Mr O as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 7 June 2023.

Paul Blower  
**Ombudsman**