

The complaint

Mrs R complains about a kitchen which was paid for with credit provided by Mitsubishi HC Capital UK Plc, trading as Novuna.

What happened

In September 2019 Mrs R entered into a regulated fixed sum loan agreement with Novuna to pay for the supply and installation of a new kitchen by a third party ("the supplier"). The cash price of the kitchen was £16,831.02, Mrs R paid a deposit of £2,000, the credit provided was therefore £14,831.02, and the total amount payable (including interest and the deposit) was £20,016.80. Repayments were deferred by one year, and then she was to make 48 monthly payments of £375.35. The kitchen was supposed to be installed in December, but this was delayed until the first quarter of 2020.

There turned out to be a number of problems with the kitchen, and so Mrs R brought a claim to the Furniture and Home Improvement Ombudsman ("the Furniture Ombudsman") about the supplier. That service instructed an independent expert to inspect the kitchen and prepare a report, which was done in November 2020. The expert identified a range of problems with the kitchen, some which were cosmetic and some which were more serious. He gave a detailed list of the remedial work which would be needed. However, the Furniture Ombudsman never made a decision in Mrs R's case, because she had also brought this complaint to our service.

Our investigator accepted the expert's evidence, and so he upheld this complaint. He thought that one of the issues (the hot tap) was not Novuna's responsibility, because that had not been financed by the loan. But he thought that the other remedial work should be carried out. Since Mrs R had lost confidence in the supplier, the investigator said that Novuna should pay for the cost of the work (based on the supplier's quote, which was £4,140) so that she could instruct her own builder to do the work. As compensation for Mrs R's inconvenience, the investigator said that Novuna's offer of £580 (as a gesture of good will) was fair.

Mrs R did not accept that opinion. She said that £580 was not enough to reflect the stress which she and her husband had endured, and the time her husband had had to take off work. She pointed out that even if the kitchen was repaired, it would not have the tiles she had wanted. And she suggested that the cost of the remedial work might turn out to exceed the quoted figure, as there might be unforeseen problems which might require extra work or materials not considered by the supplier or the expert.

Novuna responded by offering to reimburse 50% of the credit provided, or £7,415.51. In its offer it itemised all the work that this would pay for, which came to a total of £7,012, and then rounded this figure up to 50% of the loan.

Mrs R rejected that offer too. She asked for 50% off the loan, plus the full cost of all the remedial work, foreseen and unforeseen. Novuna did not agree to that, not being willing to pay for unidentified work. It said its offer was fair. But later on, it made a new offer: it was prepared to cancel the finance agreement, refund the deposit, and let Mrs R keep the

kitchen. (Mrs R has never made any payments towards the agreement, repayments having been deferred due to her complaint.)

Mrs R did not accept that offer (although she did not rule it out; she wanted to discuss it with Novuna first, but the discussion never took place). So the investigator referred this case for an ombudsman's 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.

Having done so, I think that Novuna's latest offer is perfectly fair, and indeed generous, and so I don't think Novuna needs to do anything more to resolve this complaint. That will leave Mrs R with a free kitchen, and so the money she will thereby have saved will certainly be enough to pay for the necessary remedial work to be carried out by a builder of her choice, and the balance will more than suffice as compensation for her inconvenience.

(In coming to that decision, I have not been able to take into account the impact on Mrs R's husband, because he is not an eligible complainant under our rules, and nor was he a party to the loan agreement. However, I think it is unlikely that this would have made a difference to the outcome.)

My final decision

My decision is that I uphold this complaint. I order Mitsubishi HC Capital UK Plc, trading as Novuna, to cancel the loan agreement, refund Mrs R's deposit, and allow her to retain the kitchen (as it has offered to do).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 2 October 2023.

Richard Wood
Ombudsman