

The complaint

Mr V is unhappy because although Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance upheld his unaffordability complaint, the interest applied under his agreement hasn't been removed and he isn't sure of his outstanding balance.

What happened

Mr V took out a personal loan with Novuna for £3500 repayable over 48 months at £126.66 per month.

Mr V raised a complaint in January 2023. He said he had a gambling addiction and outstanding balances on several credit cards before he applied for the loan with Novuna.

Novuna reviewed the complaint and upheld it. It agreed to remove all interest applied to the agreement and refund statutory interest of £4.58. However, the capital amount of the loan would still be repayable.

Mr V is unhappy because the online portal shows the full outstanding amount due under the loan agreement, which includes interest over the term of the loan.

Our investigator didn't uphold the complaint. He said that this service wasn't able to require Novuna to change its internal procedures. The investigator said he was satisfied that the outcome of the affordability complaint left Mr V in a favourable position.

Mr V didn't agree. He said that every time Novuna provided him with an outstanding balance it didn't match with his calculations. He said he was obliged to provide his debt management plan administrator with up to date information every month and has had to wait a long time for Novuna to provide the information he's requested. Mr V said that in Novuna's final response letter it told him that his remaining balance would be £3,157.36 but he couldn't see that this had happened.

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 reviewed the final response letter that Novuna sent to Mr V in relation to his unaffordability complaint. This states that the complaint is upheld, and that Novuna will remove all interest applied to the agreement and all future interest. It also says that Novuna will refund 8% statutory interest (amounting to £4.58). Novuna confirmed that once the interest had been removed, the remaining balance under the loan agreement would be £3157.36.

Mr V's current complaint is that Novuna hasn't removed the interest it said it would remove.

Novuna has told this service that the online system will still show the interest balance as per the original terms. Once the capital balance has been repaid in full, the agreement will be settled, and Mr V's credit file updated.

I understand why Mr V has found it difficult to see how much he has left to repay under the loan agreement. The online system will always show the interest balance, so I don't think this is a particularly helpful place for Mr V to obtain information about the outstanding balance.

I can't uphold Mr V's complaint about this, because this service can't require Novuna to change the way it presents information on its online system.

Novuna has said that Mr V can call them whenever he wants to obtain an updated balance. It has also said that an updated balance can be provided to StepChange upon request.

Novuna has also confirmed that to date, Mr V has paid £454.29 towards the £3500 he borrowed, leaving a capital balance of £3054.71 (this figure was provided by Novuna to this service as of 15 June 2023). Mr V should be able to work out the outstanding balance on a month to month basis by deducting the amount he has paid via his debt management plan each month.

Based on everything I've seen, I'm unable to say that Novuna has made an error here, or that it has treated Mr V unfairly or unreasonably. I'm therefore unable to uphold the complaint.

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 V to accept or reject my decision before 3 January 2024.

Emma Davy
Ombudsman