

The complaint

Mr V complains Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance unfairly defaulted his account.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 considered everything, I've reached the same conclusions as our Investigator, for these reasons:

- Mr V's account was opened in June 2022, and he was expected to pay £63.80 a month, for 36 months, to clear his balance. However, a payment wasn't made to the account until January 2023, and this was for £100 – as such it didn't clear the arrears that had accrued. The evidence we've been provided shows Mr V had experienced problems with his purchase and was reluctant to make payments until it was sorted. So, I've had to decide if Novuna made it clear to Mr V his credit file could be impacted if payments weren't made.
- Having reviewed the evidence, I've seen Novuna wrote to Mr V in July 2022 explaining his account would be on hold until the end of August 2022. This meant they wouldn't be taking any payments from him, nor would they charge interest for that period of time. However, this letter did clearly explain Mr V's credit file might be impacted if he didn't contact them before the end of August to make a suitable arrangement.
- As the arrears accrued over the following months, Novuna's system notes show they sent letters, text messages, and emails explaining Mr V's account was in arrears and payments were needed to bring it up to date. These pieces of correspondence also explained Mr V's credit file might be impacted if payment wasn't made.

- Mr V has explained he didn't receive the letters because he moved address in December 2022. However, I can't see he told Novuna about this the time. But I do recognise he was going through a difficult time and doing so may not have seemed like a priority to him. Having said that, I can't ignore the fact Novuna attempted to contact Mr V about the arrears before December 2022. They also tried contacting him via text and email – and I've seen he was accessing his online account during that period of time. As such, I'm satisfied Novuna took reasonable steps when trying to notify Mr N about the status of his account. I'm also persuaded Mr N had access to enough information that ought to have made him aware his credit file was at risk of being adversely impacted if he didn't bring his account up to date.
- It's expected that a financial business, like Novuna, would default an account where there are around three to six months of arrears. Mr V's account accrued this amount of arrears, as such I consider Novuna acted in line with good industry practice when they defaulted Mr V's account in March 2023.

I know this isn't the outcome Mr V hoped for, but for the reasons above, I'm not upholding his complaint.

My final decision

My final decision is that I'm not upholding Mr V's complaint about Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 18 April 2024.

Sarrah Turay
Ombudsman