

## **The complaint**

Mr E complains that Mitsubishi HC Capital UK Plc, trading as Novuna Personal Finance, has treated him unfairly in relation to how he repays his loan.

## **What happened**

In May 2023 Mr E took out a loan with Mitsubishi HC Capital UK Plc, trading as Novuna Personal Finance (Novuna for short) to pay for a kitchen. The loan had a six month deferral period and the option to repay it early (along with an administration charge). Mr E says that when he took the loan out he intended to pay it off in full at the end of the deferral period by using a credit card. In November 2023 he called Novuna to pay off the loan but was told he couldn't use a credit card to pay it. Mr E says he didn't have the funds to pay off the loan without using the credit provided by his credit card provider. So he complained as he says he was never told he wouldn't be able to pay off the loan with a credit card.

Novuna looked into the matter and told Mr E that due to a variety of reasons it had decided to no longer accept payments by credit card during the deferral period from any account holder. It said it wasn't obliged to tell him this because he'd never used a credit card to make payments to Novuna. But Mr E felt this was unfair so he brought his complaint to this service.

Our investigator looked into the matter and concluded Novuna had treated Mr E fairly. Mr E didn't agree. So the complaint has been passed to me to decide.

## **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 what's happened here I'm not upholding Mr E's complaint for the following reasons.

Firstly he's not got any contractual right to pay by credit card. The terms of the agreement specifically state "*you agree to pay the monthly payments shown in this agreement to us by direct debit or such other payment method you and we agree.*" So it's clear the preferred payment method is direct debit followed by a method "*you and we agree*" under the section regarding payment in the agreed terms. A fair construction of that term is that it would flow through the following subsections of those terms regarding payments. So Mr E was on notice that any payment to Novuna had to be in a form which both parties agreed. And clearly Novuna has decided not to accept payments which are other forms of credit.

He's never paid Novuna using a credit card previously and there is no persuasive evidence of Novuna knowing of Mr E's intentions until he called them to pay them. So I don't think it has treated him unfairly by not telling him it was changing its policy.

Novuna have pointed to a variety of reasons for changing its stance including potential negative impact on customers who are paying credit with another form of credit and its

additional responsibilities as part of consumer duty under the Financial Conduct Authority. Credit Cards usually charge higher rates of interest than the loan here. So it would appear there is potential for a negative impact on Mr E, so I can see why Novuna took this policy decision. Mr E may point to being able to use 0% deferral periods on credit cards in the short term going forward. But this doesn't make Novuna's position unfair and I can only uphold Mr E's complaint if Novuna has done something unfair.

Mr E says the policy should have been communicated to all those effected and they be given opportunity to pay their debt by any means. Novuna didn't know Mr E would be affected because he'd agreed to pay monthly by direct debit and by a means that "you and we agree" and hadn't used a credit card to make payment before. Mr E didn't have an agreement with Novuna to pay using further credit. So it has treated him fairly on this point. And just because Novuna could have done something different doesn't mean what it did do was unfair.

Mr E says "*I don't believe that it is 'fair and reasonable' to expect someone to pay double the value borrowed when they have means to clear the finance.*" Firstly Mr E agreed to pay back an amount which included the amount borrowed plus interest. I think it is fair he should honour the agreed terms of paying the monthly amount unless he uses the option of paying a partial or full payment through an agreed manner with Novuna. He has no contractual right to pay back the amount using a non-agreed manner of payment.

Mr E says "*I've acted using facts and information made available to me when signing my contract in line with my financial intentions.*" I can see he signed the agreement electronically which sets out the manner of repayment is by direct debit or in an agreed manner with Novuna. But Novuna hadn't agreed to accept credit card payment with Mr E and didn't do so.

Ultimately Novuna has acted within the terms that Mr E agreed to. I do appreciate that this isn't the decision Mr E wants to read. But Novuna has treated him fairly.

### **My final decision**

For the reasons set out above, I do not uphold the complaint against Mitsubishi HC Capital UK Plc, trading as Novuna Personal Finance. It has nothing further to do here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 10 May 2024.

Rod Glyn-Thomas  
**Ombudsman**