

## **The complaint**

Mr B has complained Mitsubishi HC Capital UK PLC, trading as Novuna Personal Finance, is asking him to repay a fixed-sum loan he took out as the result of a fraudulent scam.

## **What happened**

In November 2023, Mr B realised he'd been the victim of a scam after having been persuaded to take out loans to make crypto investments. Mr B's bank (who I'll call R) had blocked transactions and warned Mr B what was potentially going on.

Mr B went to the local police who advised him to raise the loans he'd taken out fraudulently directly with the three credit providers as scams. Mr B had taken out three loans for £20,000, £14,500 and £5,000 in October and immediately moved this money from his main current account (with a bank I'll call B) to his account with R. It was only his account with R that allowed investments on crypto exchanges.

Mr B had taken out a loan for £20,000 with Novuna in October. He'd been persuaded to do this by the individuals scamming him after they'd downloaded specific software to his laptop. At the time the loan was taken out, Mr B didn't think any application would be successful as he already held a loan with Novuna which he'd taken out just six months previously.

He complained to Novuna that he was now in serious financial difficulty after having taken out these three loans. Novuna believed Mr B had taken out the loan and they'd completed the checks they should have. They weren't going to do anything further.

Unhappy with this outcome, Mr B brought his complaint to the ombudsman service.

Our investigator noted the situation Mr B must have been in when pressured into taking out the loan. He was conned into thinking he wouldn't have to make the loan repayments, as the fraudster supposedly helping him with investing told him they'd be paying them. However, she noted that Mr B was aware the loan was being taken out. She wasn't able to be sure Novuna had done all the checks they should have but felt Mr B could afford the loan. She wasn't going to ask Novuna to do anything further.

Still unhappy, Mr B has asked an ombudsman to consider his complaint.

## **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've reached a slightly amended outcome to the one our investigator reached. I'll explain why although I have already confirmed this to Novuna and Mr B.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

Firstly, I can see the credit agreement was taken out in October 2023. This was completed online and Novuna has confirmed all the loan details belonged to Mr B. They also held another loan with Mr B which he'd taken out in April 2023.

Based on the evidence both Novuna and Mr B have provided, I'm satisfied that Mr B took out this loan. He claimed this was for home improvements despite this not being the case. I appreciate he was convinced at this time, he'd be getting gains from his investments and so wouldn't have to make the repayments. I think – based on Mr B's existing financial commitments of two large personal loans and a mortgage – Mr B felt it was very unlikely any loan provider would grant him a loan for such a high value.

Mr B already held one loan with Novuna so I don't think there's any doubt he would not have been taking out another loan without serious encouragement and persuasion.

Mr B and his wife have gone through a series of personal and traumatic events over the last 10 years. They're caring for their grandson and more recently Mrs B has been seriously ill, spending a prolonged period in hospital. As our investigator confirmed in her view in July, Novuna didn't undertake sufficient checks to ensure Mr B could afford this additional loan. At the time she confirmed she felt Mr and Mrs B did have sufficient financial headway to meet their financial commitments.

I don't believe this now exists. Mr and Mrs B live on their state and employment pensions so have a fixed and limited income. They are increasingly borrowing on credit cards. Their existing loan commitments alone amount to over £50,000 and I see no way that monthly repayments can be met without increasing financial difficulty. I believe this could ultimately result in Mr B defaulting on his loans. Novuna would then be obliged to accept limited payments towards the debt.

### **Putting things right**

On the basis of his financial difficulties, I believe it's fair Novuna waive all interest associated with the loan taken out in October 2023. This is generally what we'd ask a credit provider to do when someone is in financial difficulties and. I see no reason to ask Novuna to do differently.

I've already written to let Novuna know this. I received no further comments from them.

I'm sure Mr B will remain unhappy with this outcome, and I can understand why. However, I'm satisfied this is fair and reasonable in the circumstances.

### **My final decision**

For the reasons given, my final decision is instruct Mitsubishi HC Capital UK PLC, trading as Novuna Personal Finance, to remove the interest and charges from the £20,000 loan Mr B took out in October 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 December 2024.

Sandra Quinn  
**Ombudsman**