

## The complaint

Mrs E entered into a fixed sum loan agreement with a predecessor company of Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance (Novuna) to finance works to her property. She complains that the work wasn't of satisfactory quality.

## What happened

Mrs E entered into a loan agreement in November 2013 to finance work to her property. The work was completed by the supplier in 2013 and Mrs E repaid the finance in May 2015. Mrs E said that the work wasn't undertaken with reasonable care and skill and a leak developed on the internal wall between the new conservatory and the garage conversion. Mrs E contacted the supplier in 2021 but wasn't satisfied with its resolution. She then raised a complaint under section 75 of the Consumer Credit Act 1974 with Novuna in April 2023. Novuna contacted the supplier and it agreed to undertake repair works. However, there were issues with the repairs being carried out.

Novuna issued a final response to Mrs E's section 75 claim dated 9 April 2024. It said that the water ingress had been addressed and that work would be undertaken to resolve this. It said the supplier had undertaken other works in line with the issues raised. Regarding the mould issue it said that the supplier had said it could carry out this work and if Mrs E wished to have a different specialist do this it would be at her cost. It agreed that the rubber seals in both box gutter corners needed to be replaced and that this had happened.

Mrs E said that not all of the remedial works had been carried out and that the supplier didn't have the expertise to complete the mould removal. She wanted:

- To be reimbursed for the mould removal (costing around £2,600 based on a previous quote). She said that the supplier/ Novuna can hire a third party to do the work, if they prefer.
- The supplier to replace the damaged plasterboards.
- The supplier to replace the rubber seals (this hadn't been completed).
- Reimbursement for the re-painting of the damaged/replacement plasterboards (estimated costs of £500 per room).

Our investigator noted the history of the complaint and the action that had been taken. She identified the outstanding issues as: the mould removal, replacement of the plasterboards, replacement of rubber seals and repainting of the plasterboards. She thought that while Novuna had taken certain measures to resolve Mrs E's section 75 claim, there were still more that was needed to remedy the breach of contract by the supplier. She recommended that Novuna:

- remove and replace the plasterboards on both sides of the affected wall i.e. the front left corner of the conservatory and the rear left corner of the garage conversion.
- ensure that the mould was removed by a mould removal specialist to minimise the risk as much as possible and to avoid 'significant inconvenience' to Mrs E and her family in line with the requirements of the Consumer Rights Act 2015 (CRA). If Novuna couldn't hire a mould removal specialist then Mrs E should be allowed to

source a third-party mould removal specialist and Novuna reimburse the cost. If Novuna needed a recent quote, it would be reasonable that Novuna reimburse the cost of the quote too.

- ensure the rubber seals in both box gutter corners had been replaced.
- pay a contribution to the repainting of both sides of the affected wall as a consequential loss. Mrs E should provide a quote for this and Novuna should reimburse the cost of the quote.

Further discussions took place after the view was issued to try to mediate a resolution to this complaint. Mrs E said that to resolve her complaint she wanted the following:

- Air hoovers/pipe to take dirty air out. Mrs E preferred the safety equipment recommended in the expert report like the ULPA vacuum system, HEPA air scrubber, air fogging system and odour removal system.
- Properly seal the archway with a temporary plastic wall between the orangery and the half of the office/study from the corner where the plasterboard will be removed. Set up a plastic film in the doorways to avoid cross contamination (as proposed by Novuna). The photos within the expert report showed the two areas where the plastic/polythene containment barriers should be installed.
- Fungicidal Wash (as suggested by Novuna) needed to be used safely and professionally.
- Install new plasterboards following the mould removal.
- Preference for supplier's workers to wear masks and PPE.
- Pay a contribution to the repainting of both sides of the affected wall as a consequential loss (as recommended in the outcome).

Novuna agreed to Mrs E's proposals aside from the use of air hoovers. It offered to pay £120 towards the costs of redecoration but said that if Mrs E had a more suitable amount in mind, it could consider this. Mrs E requested that she be paid a total of £1,000 (£500 for each room) for the redecoration. Novuna said that Mrs E had asked for a contribution towards the decorating costs not the entire amount. It said that if the request was now for it to cover the cost in full then Mrs E should provide two decorator's quotes with a breakdown of the area and costs associated.

Mrs E asked that her complaint be reviewed by an ombudsman.

### **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.

Mrs E raised a section 75 claim with Novuna. Section 75, says that in certain circumstances, the borrower under a credit agreement has an equal right to claim against the credit provider if there's either a breach of contract or misrepresentation by the supplier of goods or services. In this case the fixed sum loan agreement was used to finance building works – the installation of an orangery and a garage conversion. A breach of contract can arise if the work wasn't undertaken with reasonable skill and care.

Mrs E has explained that a leak was identified on both sides of an internal wall and the water ingress had damaged the electrics. When the plasterboard was removed it exposed mould. Given when the works were carried out, I find it reasonable that Mrs E was required to provide evidence of the issues she had raised. Based on the inspections that were carried out I find it reasonable to accept that there were issues with the work undertaken and as such I find it fair that Novuna worked with the supplier to ensure remedial work was

undertaken.

I understand that while some work was completed, issues remained. Based on the requirements Mrs E put to Novuna after our investigator's view, the outstanding issues are as follows:

1. The safe removal and treatment of the mould.
2. Replacement of the affected plasterboards.
3. Cost of the redecoration of the affected walls.
4. Replacement of the seals (this hadn't been fully completed).

Novuna agreed to the removal of the mould (although it didn't agree to the request to use air hovers) and the replacement of the affected plasterboards. While it appears that Novuna may have believed the rubber seals to have been replaced, Mrs E has said that one of these still needs replacing. Aside from the replacement of the remaining rubber seal, the outstanding issue relates to the cost of the redecoration. Novuna said it was asked for a contribution to these costs and it offered to pay £120. Mrs E requested that an amount of £1,000 be paid (£500 for each room). Novuna said that if it was being required to cover the full cost the redecoration it should receive two quotes including a breakdown of the areas and costs associated.

I have considered the remaining issues and as Novuna has agreed to points 1 and 2 above (and had previously agreed to the replacement of the rubber seals), I find this a reasonable remedy. In response to the issue of the redecoration, as the need for this has arisen because of the issues with the initial works which are subject to this claim, I find it fair that the cost of redecoration is considered a consequential loss and the costs associated with this refunded to Mrs E. However, I accept that it is only the costs associated to the replacement plasterboards (and any making good associated with this) that would need to be covered and I think it fair that Mrs E provides Novuna with two quotes from independent VAT registered companies which include a breakdown of the area and costs associated.

As not all issues have been addressed in response to Mrs E's section 75 claim, I am upholding this complaint and require Novuna to ensure that the remaining remedial actions are taken.

### **Putting things right**

Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance should ensure the following works are undertaken in resolution to this complaint:

1. The safe removal and treatment of the mould that has arisen due to the issues with the building works.
2. Replacement of the affected plasterboards.
3. Replacement of any of the rubber seals that hasn't already happened.
4. Cover the cost of the redecoration of the affected walls (subject to the agreement of action following the provision of two independent quotes).

### **My final decision**

My final decision is that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 22 April 2025.

Jane Archer  
**Ombudsman**