

## **The complaint**

Mr F complains that Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance ("Novuna") is holding him liable for the debt on a loan which he says he didn't consent to.

## **What happened**

In July 2023, Mr F saw an advert for an investment opportunity which was endorsed by a well-known celebrity. The advert suggested he could make good returns by investing in stocks and shares with a company I'll refer to as "B". Unfortunately, the investment turned out to be a scam.

Early in the scam period, Mr F was told that the funds he'd invested had been seized by the cryptocurrency exchange company as the activity was classed as fraudulent and that he'd have to pay £20,000 to release them. He told the scammer he couldn't afford to pay this, and she told him that he could apply for an interest free loan with one of B's sister companies which he could repay within 14 days using the returns from his investment.

The scammer told Mr F to download AnyDesk remote access software onto his laptop and to set up online banking, and on 25 July 2023, £20,000 was credited into Mr F's account from "Z". He then transferred the funds to Bank C (an account which he was told to open by the scammer) and then onwards to a cryptocurrency exchange, under the guidance of the scammer.

On 28 July 2023, a further loan was credited into his account from Bank N, and on receipt of a further email stating he'd have to pay a further £30,000, the scammer said again that she'd obtain loans from B's sister companies. On 31 July 2023, two loans for £15,000 each were credited into the account from Novuna. Mr F then transferred these funds to Bank C the following day before sending them to a cryptocurrency exchange on the understanding that his money would be released.

When Mr F discovered he'd been scammed, he complained to Novuna stating the loans were fraudulent and that he didn't apply for them. He also said the loans were unaffordable and should never have been approved.

Novuna said the applications weren't fraudulent and that he would remain liable for the principal loan sums for both agreements. It said F's genuine details were used on the applications which contained details of his annual income and employment, so it was clearly completed with his input. The loan agreements were sent to his genuine email address, he completed the e-signature to agree to the loans and the funds were paid into his genuine bank account before being transferred out of the account.

Regarding the affordability of the loans, it said it had searched his credit record to check information such as borrowing history, how much he owed, how often he applied for credit, whether he made repayments on time, and whether he had any defaults, County Court Judgements, or insolvencies. It used his credit record along with other information provided on the loan application to calculate an overall score, and his score exceeded its minimum lending criteria and passed the credit check. It also used a third-party affordability product

which provides trends overtime in relation to income and general indebtedness and assists with understanding on affordability and there was indication he'd struggle to service the loan agreement.

However, it accepted it shouldn't have agreed to lend Mr F the second loan and offered to remove all interest and charges applied from the start of the agreement. It also confirmed it had submitted a request to remove any negative information applied to his credit file for the agreement. Finally, it apologised for the time it had taken to review Mr F's complaint and offered him £175 for the distress and inconvenience this had caused.

Mr F wasn't satisfied and so he complained to this service stating he didn't apply for the loans, and that he wanted it to write off both loans and cancel all interest and charges. He said the scammer had taken out the loans having told him she was going to borrow funds from one of B's sister companies and that he didn't receive any loan agreements or emails from Novuna.

Novuna explained that when carrying out a credit check it receives raw data from the credit reference agencies which mortgage balances and monthly payments, credit balances, payment statuses, application searches, insolvency and fraud markers, and income verification data. It said Mr F had allowed the scammer to access his device using AnyDesk and that he gave his driving licence and internet banking details which had enabled them to take out the loan. The funds had entered his genuine bank account and he'd transferred them to the scam.

Our investigator recommended that the complaint should be upheld in part. She noted Mr F had given the scammer everything she needed to pretend the loans were being applied for by Mr F, including his correct email address and telephone number, and it wasn't unreasonable for Novuna to have believed the applications were genuine.

She was satisfied that Mr F knew the loans were being applied for, commenting that when he first contacted Novuna, he said he'd applied for the loans under the instructions and coercion of the scammer who said he'd be able to repay the loan within 14 days.

She noted Mr F was sent an email confirming the approved loans and details about the repayments and even though he denied receiving the email, she was satisfied it was sent to his correct email address and that he ought to have been on notice that a loan application was taking place. Further, as both loan applications were successfully completed, this means he'd received a text message and the codes to complete the loan applications. She accepted the scammer could have deleted emails or messages from Novuna using AnyDesk, but she was satisfied he knew the scammer was obtaining loans with sister companies, and that he'd be held liable for those loans. So, she was satisfied it was fair to him to be held liable for the principal loan sums.

Regarding the affordability of the loans, she didn't think the first loan was affordable and so she recommended that Novuna should remove the interest and charges for that loan. But she was satisfied that as Mr F did use the loan funds, albeit to send to a scam, she couldn't fairly ask it to write off the loans.

Mr F has asked for his complaint to be reviewed by an Ombudsman, maintaining he wasn't the one who took out the loans.

### **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 focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This reflects the informal nature of our service.

### *Consent*

In this case, my first consideration is: did Mr F know these loans were being taken out in his name, or was it done without his knowledge and consent? Having considered this carefully, I think it's most likely the loans were taken out in Mr F's name with his knowledge and consent at the time, and he therefore did consent to the loan agreements.

I'm sorry Mr F was scammed. However, this was the fault of the scammers, not Novuna. I can't see it was Novuna's fault that scammer was able to take out loans in Mr F's name given the fact he'd allowed them remote access to his device using AnyDesk, the application contained details of his annual income and employment, and the details on the loan applications were genuine, including his email address, bank account, and phone number. I note Mr F has argued that the address on the loan application was an old address and I accept this is because it was taken from his driving license. But this supports that the scammers were using information provided to them by Mr F.

Mr F has argued that he wasn't sent any emails or loan agreements. However, the email address and phone number on the loan applications were Mr F's, so it's likely the emails were received. However, even if the emails were intercepted by the scammers, he knew loans were being applied for and at the very least he facilitated the applications by giving the scammers remote access to his device and providing all the information necessary to complete them.

Significantly, Mr F has described that the scammer told him a loan would be taken out in his name, albeit with one of B's sister companies, and that he'd be able to repay the loan within 14 days. I accept he believed the loan would be obtained from one of B's sister companies, but he still had knowledge that a loan was being applied for in his name and that it would need to be repaid. He also told Z that he'd known about the loans when he first made contact. So, I'm satisfied he knew about and consented to the loan applications.

Further, the loans were received into Mr F's genuine account, and he then moved the funds out to the scam, so while the funds were lost, I'm satisfied they were used.

I couldn't reasonably ask Novuna to write off the principal loan amounts unless its acts and omissions unfairly resulted in Mr F's loss; and/or I was satisfied this was a fair and reasonable outcome. Consequently, I'm satisfied that Mr F should be held liable for the principal loan sums.

### *Affordability*

Novuna has agreed to remove interest and charges for both loans and so I don't need to consider affordability further.

Novuna should now agree with Mr F an affordable repayment plan for both loans and as he hasn't made any repayments towards either loan, I don't recommend any changes are made to his credit file.

### *Compensation*

Novuna has apologised and paid Mr F £175 compensation for the time it took to review his complaint, and I'm satisfied that's fair.

### **My final decision**

My final decision is that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance should remove all interest, fees and charges applied to the second loan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 March 2025.

Carolyn Bonnell  
**Ombudsman**