

The complaint

Mr H complains about delays and mistakes by Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance after he applied to refinance a loan.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

Mr H had an existing loan with Novuna. On 2 August 2024 Mr H applied to refinance his loan and take a top up of £2,500. Mr H was asked to provide proof of his pension payments which was supplied on 8 August 2024 and the loan application was approved. Novuna says it sent Mr H a link to sign the loan agreement which he did on 1 September 2024.

Mr H has explained that funds weren't received so he chased Novuna on 4 September 2024 and again on 9 September 2024. It then came to light that a technical error with Novuna meant the funds couldn't be paid out. On 25 September 2024 Mr H was asked to reapply for the loan but when his new application was approved, Novuna applied a higher interest rate. Novuna went on to agree to honour the original interest rate Mr H was offered and the funds were released on 25 September 2024.

The delays caused by the issues with Mr H's loan meant he continued to make payments to his original loan totalling £437.24 and the redemption quotation Novuna had previously issued expired. When the new loan was paid out, Novuna made a manual payment to the loan balance to ensure the loan payments Mr H was required to make were in line with the original loan agreement he'd accepted. Novuna repaid the original loan and released £2,500 to Mr H.

Mr H went on to raise a complaint and Novuna issued a final response. Novuna apologised for the issues raised and explained how it had resolved the situation. Novuna also offered Mr H £100 in recognition of the distress and inconvenience caused.

Mr H referred his complaint to this service and explained he didn't agree the offer of £100 fairly reflected the number of problems he'd experienced with Novuna or the trouble and upset caused. An investigator looked at Mr H's complaint. They asked Novuna to ensure the extra credit search recorded on Mr H's credit file was removed and said they felt the offer of £100 for the distress and inconvenience caused was fair. Mr H asked to appeal and said he remained of the view that £100 failed to fairly recognise the number of problems he'd faced or the delay in releasing funds to him. As Mr H asked to appeal, his complaint has been passed to me to make a decision.

What I've provisionally 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.

As a starting point, I am pleased that whilst the original loan application didn't proceed Novuna agreed to take action to ensure Mr H's interest rate was retained. I am aware Mr H had to make additional repayments to his original loan, but Novuna's final response explains that he's not lost out as a result and I'm satisfied that's the case. Whilst the loan completion was delayed, there was no financial loss.

With the above being said, I can understand Mr H's frustration. He applied on 2 August 2024 and signed the loan agreement on 1 September 2024, expecting the funds to follow a day later. But the funds weren't released. In my view, Mr H was put to a significant level of distress and inconvenience. Not only were the funds not available to Mr H when he needed them, he had to complete a new application to Novuna. That application was approved, but at a higher interest rate. There were the further delays as Novuna had to restructure the new loan. In addition, Mr H's new loan agreement doesn't match the actual payments he's making and he's explained the whole process caused a significant level of concern.

Mr H's has told us he doesn't think a payment of £100 fairly reflects the level of distress and inconvenience caused and I agree. In my view, the issues raised and length of time it took to resolve them caused Mr H a reasonable amount of trouble and upset. I think a payment of £200 more fairly reflects Mr H's experienced and the distress and inconvenience caused. So I intend to uphold Mr H's complaint and direct Novuna to pay him a total of £200.

I can see our investigator also said Novuna should ensure the original credit search is removed from Mr H's credit file. I think that's a reasonable approach to ensure Mr H's credit file is returned to the correct position. So I also intend to tell Novuna to ensure all evidence of Mr H's first application is removed from his credit file.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mr H responded to confirm he was willing to accept. Novuna didn't respond.

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.

As no new information has been provided and Mr H has confirmed acceptance I see no reason to change the conclusions I reached in the provisional decision. I still think Mr H's complaint should be upheld, for the same reasons.

My final decision

My provisional decision is that I intend to uphold Mr H's complaint and direct Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance to settle as follows:

- Pay Mr H a total of £200 for the distress and inconvenience caused (less any compensation already paid)
- Remove any reference to Mr H's first loan application from his credit file

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 April 2025.

Marco Manente
Ombudsman