

The complaint

Mrs E is unhappy with how Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance ("Novuna") handled her Section 75 claim regarding faulty sofas.

What happened

The parties are familiar with the background of this complaint, so I will summarise it briefly here, which reflects my informal remit.

In May 2024 Mrs E entered into a fixed sum loan agreement with Novuna for two sofas costing £3,700. She paid a £500 deposit, and the total repayable amount, including interest, was around £5,856. The monthly repayments were around £112, to be paid over 48 months, starting 12 months after delivery.

The sofas were delivered on 16 July 2024. On delivery, Mrs E noticed and photographed a snag on the two-seater sofa and said she reported it to the retailer. She waited two weeks to see if the snag would settle, but when it didn't, she wrote to the retailer on 31 July 2024. She explained that the right-hand side of the sofa appeared to have been sewn incorrectly, creating unnatural creasing in the leather. She noted the showroom model didn't have these defects. She provided photographs and asked for a quick resolution.

The retailer arranged an inspection on 17 September 2024. Mrs E said the technician told her that parts were required to fix the fault with the sofas, and he would order them. When she heard nothing further, she contacted the retailer several times but received no response.

Unable to resolve matters with the retailer, Mrs E contacted Novuna on 11 October 2024 as she wanted a refund. During the claim, Mrs E also told Novuna that during a later visit to the store, after the inspection had been carried out, a member of staff showed her a report in store also confirming a fault.

Novuna explained that the retailer had denied this, saying it had no access to inspection reports, and therefore couldn't have provided this information. It also said the retailer had offered to refund £200 for the sofa cover she had purchased, and to replace the sofa.

Unhappy with this, Mrs E complained to Novuna, who issued a Final Response on 2 December 2024. Novuna said it had spoken with the store's regional manager, who Mrs E had spoken with, and said whilst he offered a replacement as a goodwill gesture, he denied acknowledging any fault with the sofas. As the independent inspection report also found no manufacturing fault, or issues with the sofa, Novuna said Mrs E didn't have a right to reject the sofas.

Novuna also sent its claim response on 4 December 2024. It said the technician's report confirmed the seam issue Mrs E raised concerns about, was considered normal for the range, and that the puckering was within manufacturing tolerance for handmade sofas. It said that as no manufacturing faults were found, it could not assist further with the claim. Novuna did however tell Mrs E that she could get her own independent report, and if a manufacturing fault was found, it would be happy to review this further.

When Mrs E referred her complaint to our service, an investigator considered it but didn't uphold her case. In summary they said their role was to assess Novuna's actions in relation to Section 75, and not the supplier's service standards. They said the independent inspection report didn't identify a manufacturing defect or fault with the sofas, and Novuna hadn't acted unfairly by relying on this information. The investigator said the issues appeared to be cosmetic and didn't impact the structural integrity or usability of the sofa. And overall, they considered that Novuna had followed the appropriate process when reviewing Mrs E's claim.

Mrs E disagreed. In summary she said:

- She was verbally informed by the technician that there was a manufacturing defect in the sofa, and that this was confirmed in store, when she was shown a report.
- Even if the retailer now denied it, she considers this discrepancy hasn't been adequately addressed and thinks further enquiries into the supplier's documentation practices are necessary.
- The faults were not merely cosmetic but represented poor manufacturing quality falling below the quality a reasonable person would expect, so she had the right to reject the goods under Section 75 of the Consumer Credit Act 1974.
- She doesn't accept the retailer's offer, as it doesn't sufficiently remedy the situation in light of her statutory rights.
- The supplier's handling of her complaint had caused her significant inconvenience and frustration, and the lack of transparency and conflicting information regarding the technician's report only added to her dissatisfaction.
- She considers a fair resolution would be the collection of the sofas and cancellation of the credit agreement.

As Mrs E remained unhappy with the outcome, the case has been referred to me for a final decision.

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 read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and wider circumstances.

In this decision, I am considering whether Novuna - as a provider of financial services - has acted fairly and reasonably in the way it handled Mrs E's claim. It's important to note Novuna isn't the supplier. While I understand Mrs E is very unhappy with the retailer and some of its actions, I can't fairly hold Novuna responsible for everything that may have gone wrong with the retailer, as they are separate businesses.

When deciding what's fair and reasonable I'm required to take the law into account, which includes Section 75 (S75) of the Consumer Credit Act 1974 and the Consumer Rights Act 2015 (CRA). I've therefore had this in mind when thinking about whether Novuna acted fairly in how it handled Mrs E's request for the return of the sofas.

The general effect of S75 is that if Mrs E has a valid claim for breach of contract or misrepresentation against the supplier of the sofas, she can bring a like claim against the credit provider (in this case Novuna), providing certain conditions are met first. For completeness, I'm satisfied those technical requirements are met here to raise the claim.

So, I move on to consider whether there has been a misrepresentation or a breach of contract by the supplier.

Misrepresentation

In the context of Mrs E's case, a misrepresentation would be a false statement of fact made by the retailer and which induced her to enter into the contract to buy the sofas.

As the issue here is tied to the quality of goods provided, I don't think the focus of Mrs E's claim is misrepresentation - but rather breach of contract relating to the sofas she considers are faulty. So, I don't think it's necessary to consider misrepresentation any further other than to say, that from the available evidence, I don't consider there to be sufficient evidence that the sofas were misrepresented to her.

Breach of Contract

The CRA implies terms into a contract that goods supplied must be of satisfactory quality. The CRA sets out that goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account things like price, description and durability. The CRA also sets out what remedies are available to consumers if statutory rights under a goods or services contract are not met. To establish a breach of contract, as a starting point, there would need to be evidence of a fault.

When Mrs E initially raised her concerns with the retailer - explaining there were issues with the seam and puckering - the retailer arranged for an independent inspection to be carried out. The inspection report noted there were no faults, concluding that the puckering on the seams was within manufacturing tolerance for handmade sofas.

Mrs E disputes this, saying the technician told her parts were required, and that she was later shown a report in store confirming the faults too. However, I've seen no documentary evidence to support this. While I don't doubt Mrs E's testimony, it directly contradicts the inspection report and the retailer's position, that it neither showed her a report nor acknowledged any fault, and I must therefore weigh this impartially against the available evidence.

I acknowledge that Mrs E has provided photographs to support her claim that the sofas were faulty. While I know Mrs E thinks the defects on the sofas are obvious, it should be noted that I don't know what the acceptable tolerances are for these sorts of products. And as a non-expert in furniture, I can't safely conclude that the pictures alone demonstrate a fault with the sofas. I would instead need to see some independent evidence that sets out the furniture isn't of satisfactory quality, wasn't fit for a particular purpose, or that it didn't match the sample/model she'd seen in store to support her claim.

At present, the only independent evidence available is the inspection report, which found no faults were present with the sofas. As it was carried out by an independent company and I've not been presented with any persuasive evidence to suggest the report was altered or unreliable, I'm satisfied that no faults have been established with the sofas, and that Novuna wasn't unreasonable to rely on these findings too.

I recognise Mrs E has made very clear she's unhappy with the puckering and the way the sofas appear to have been stitched, but dissatisfaction alone is not the same as demonstrating that the sofas are of unsatisfactory quality. Mrs E was also given the opportunity to arrange her own independent inspection, and I don't consider that Novuna was unfair to have wanted to see more to conclude there'd been a breach of contract.

If Mrs E is able to obtain further information to support the claim, I'd expect Novuna to consider it accordingly as it has already indicated it would. However, without more evidence, I don't find I have the grounds to say that a fault has been established to show there's been a breach of contract, or that Novuna acted unfairly in how it handled the claim. Given that I can't see any fault has been established, or there is enough evidence to suggest the sofas weren't of satisfactory quality, I don't consider Mrs E has the right to reject the goods.

Mrs E has also highlighted the distress and inconvenience she has gone through with the retailer, and the conflicting information she believes it provided to Novuna. For clarity, my role isn't to consider the retailer's conduct directly but to consider how Novuna handled the S75 claim.

From the available evidence, the earliest record of Mrs E's contact with Novuna was from October 2024. From that point, I can see it acknowledged the complaint, contacted the retailer, and considered the claim and complaint within a reasonable timeframe. While I understand Mrs E feels the overall process has been lengthy, much of the delay and issues arose before Novuna became involved and appears to have been with the retailer. From the point at which Novuna became involved, I find that it acted fairly and within a reasonable time.

I appreciate that this decision will leave Mrs E disappointed. However, without persuasive evidence that the sofas are faulty, or of unsatisfactory quality, I don't consider it would be fair for Novuna to refund her.

I should point out that Mrs E doesn't have to accept this decision. She's free to pursue the complaint by more formal means, such as through the courts, if she thinks she'd achieve a better outcome. Alternatively, she may wish to speak to the retailer or Novuna to see if the previous offer of a £200 refund for the sofa cover and replacement remains available.

My final decision

I don't uphold this case against Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 28 October 2025.

Farhana Akhtar
Ombudsman