

The complaint

Mr M complains that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance is unfairly holding him responsible for a £5,000 loan he says he didn't apply for.

What happened

Mr M says he fell victim to an investment scam following an advertisement he'd seen on social media, which was reportedly being endorsed by a well-known celebrity. As part of the scam, a loan application was made using Mr M's personal details. Mr M says he discovered the loan when he noticed a direct debit that was taken for a monthly repayment to Novuna. He contacted it to report that the application was fraudulent and asked it to write off the loan. But Novuna declined to do so. It said:

- Its fraud team decided that the loan would not be treated as a fraudulent agreement.
- Mr M remains liable for keeping to the terms of the agreement, and the outstanding balance.
- Missed payments or arrears may have a negative impact on Mr M's credit score.
- It would still send letters regarding the agreement.
- It would not be refunding the £166.53 loan repayment already made.

Unhappy with this response, Mr M referred his complaint to our service where it was considered by one of our investigators. He thought it was most likely Mr M was aware of the loan, as the application would've required his involvement. As such, he didn't ask Novuna to do anything in relation to the loan.

Mr M remained unhappy. He believes that Novuna acted incorrectly by collaborating with scammers, and he requested that 50% of the loan is written off so he could take shared responsibility.

As no agreement could be reached, the complaint was passed to me to decide and I issued a provisional decision on 16 May 2025. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Generally, a customer can't be held to the terms of a loan agreement they didn't enter into or was entered into by someone else without their consent. In this case, Mr M says he didn't take out the loan with Novuna, and he didn't know about it until after the scammer had made the application and the proceeds were lost as a result of the scam.

Mr M has told us that the scammer obtained a lot of personal information about him as part of his initial sign up with the 'company' who would help him trade using trading platform accounts that he set up on their instruction. He's provided evidence of conversations between him and the scammer, and it's clear from these conversations that he was completely drawn in by this scam, and he genuinely believed he was taking positive steps to invest his money. Mr M told us he downloaded remote access software as part of the scam, which he was told would allow the scammer access to his phone and accounts so they could help him trade.

Mr M has been clear that the scammer told him they would credit his account with £5,000 'from their bank' so he could invest this, and that Novuna was part of their group so he could easily pay it back via his trades. As part of the application, Mr M was sent a text message with a 'Novuna Personal Finance access code,' which he says he shared with the scammer, but he didn't realise it was anything to do with a personal loan. Whilst it does mention Novuna in the text, it doesn't make any reference to a loan, and Mr M was told by the scammer that they would credit his account with £5,000 'from their bank' which was part of the same group, so I can understand why Mr M shared this in the circumstances of what he was told.

Based on what Mr M has said, and from what we know about scams of this nature, on balance, I don't think Mr M took out the Novuna loan himself or consented to the scammer making the application. I accept that the scammer had access to Mr M's device via the remote access application, and I accept they also had sufficient information to make the loan application without Mr M's explicit input. This is because Mr M had already given a lot of personal information to the scammers in order to sign up for the trading opportunity in the first place. And whilst he shared the 'Novuna Personal Finance access code,' I don't accept he did this in the knowledge that a loan was being approved in his name. And, from reviewing Mr M's bank statements, I can see he did contact Novuna the same day the initial direct debit repayment was taken, which was a month after the scam took place. This is consistent with his testimony that he didn't know about the loan until this happened.

But, whilst I accept Mr M didn't realise the £5,000 was from a loan with Novuna, he's told our service that he knew the money would need to be re-paid to the scammers 'group,' but via investments rather than monthly repayments. The money was paid into his own bank account with another financial provider, and he did make use of the funds in that he sent them elsewhere with the intention they be used for investment purposes. This service has already dealt with Mr M's complaint about whether or not he should be refunded for the payments he made from his bank account, and I was sorry to hear that Mr M was the victim of a scam, this can't have been easy for him at all. But, that doesn't mean Novuna should write off the outstanding balance of the loan, when Mr M made use of the funds, albeit as part of a scam.

I'm satisfied Mr M didn't see the credit agreement, or pre-contract information. So he had no opportunity to consider the contract that was being taken out in his name, and as such he shouldn't be bound by it. I recognise that Mr M has proposed that he's only held liable for 50% of the debt, however, as he had knowledge that he'd need to re-pay the £5,000, albeit by other means, I intend to require Novuna to remove all interest and charges from the loan and remove details of it from Mr M's credit file. I consider this to be reasonable in the circumstances.

Mr M responded to my provisional decision and accepted it.

Novuna didn't respond by the requested deadline.

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.

Mr M didn't provide any further comments for me to consider following my provisional decision. And in the absence of anything further from Novuna, I've no reason to depart from my findings in the provisional decision. I'm satisfied Mr M didn't see the credit agreement, or pre-contract information. So he had no opportunity to consider the contract that was being

taken out in his name, and as such he shouldn't be bound by it. And therefore it's reasonable for the interest and charges to be removed from the principal sum, and for any reference to the loan to be removed from Mr M's credit file.

I'd like to remind Novuna that when pursuing Mr M for the outstanding balance of the loan, once the interest and charges have been removed, it must treat any circumstances of financial difficulties positively and sympathetically.

Putting things right

To resolve this complaint, Novuna must:

- Remove interest and charges from the loan.
- Remove any reference to the loan from Mr M's credit file.

My final decision

My final decision is that I uphold this complaint and direct Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance to settle the complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 June 2025.

Lorna Wall
Ombudsman