

## **The complaint**

Mrs M complains about the interest she was charged when she settled her personal loan with Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance ("Novuna").

## **What happened**

On 17 March 2025 Mrs M entered into a loan agreement with Novuna. The loan was for £20,000 with an APR of 16.9% with monthly repayments of £483. 39.

Mrs M emailed Novuna on 17 March 2025 and requested to cancel the loan as she wasn't happy that the interest rate was more than 6%. Novuna replied to Mrs M and explained her withdrawal rights and asked for her confirmation to withdraw.

Mrs M didn't confirm the withdrawal. On 18 March 2025 Mrs M sent an email requesting to change her payment date as this was set for 17 April 2025, but Mrs M wanted a payment date of 1<sup>st</sup> of each month.

Novuna actioned the payment date change and wrote to Mrs M to confirm that her next payment would be collected on 1 April 2025.

Mrs M contacted Novuna on 2 April 2025 and asked to withdraw from the loan. Novuna replied and explained that she was no longer within the 14 day withdrawal period and that it would provide a 28 day settlement figure. Novuna provided a settlement figure of £29,164.73 valid until 1 May 2025.

On 7 April 2025 Mrs M made a partial payment of £9976.70. Following this, a new settlement figure of £9973.04 was provided to Mrs M as a same day settlement figure. This took account of the direct debit payment made by Mrs M on 1 April 2025. Mrs M paid this and cleared the balance.

Mrs M raised a complaint with Novuna. She was unhappy that a payment instalment had been taken on 1 April 2025 as she'd thought her first payment would be taken on 1 May 2025. Mrs M was also unhappy about the amount of interest which had accrued on the loan when she received the settlement quote.

Novuna didn't uphold the complaint. In its final response it said that Mrs M had cancelled the loan outside of the 14 day withdrawal period. It said the type of agreement she had was front loaded which meant that most of the interest is paid at the start. It explained that with early settlement, the customer will pay the capital outstanding plus up to 59 days interest. Novuna said the settlement figure provided to Mrs M was correct.

Mrs M remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said that Novuna had been correct to apply early settlement interest because Mrs M had requested to withdraw outside of the 14 day withdrawal period.

Mrs M didn't agree so I've been asked to review the complaint.

## **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 know it will disappoint Mrs M, but I agree with the investigators opinion. I'll explain why.

I've reviewed the loan agreement. Mrs M signed the agreement on 17 March 2025. The terms and conditions of the agreement state that the withdrawal period is 14 days and that are then early settlement charges will apply.

It's not in dispute that Mrs M requested to cancel the loan within the first 14 days because she wasn't happy about the APR. Novuna asked Mrs M to confirm that she wished to withdraw because a withdrawal is irreversible. Mrs M didn't respond with confirmation.

Mrs M requested to cancel the loan again on 2 April 2025. This was outside of the 14 day withdrawal period so Novuna treated her request as a request for settlement and provided an early settlement quote.

I've reviewed the settlement figure, and I'm satisfied that its correct. Because Mrs M was outside of the withdrawal period, the Consumer Credit (Early Settlement) Regulations 2024 apply. This allows lenders to charge up to 59 days interest.

Mrs M has queried whether her first repayment was taken too early on 1 April 2025. She says she was expecting her first payment to be on 1 May 2025. I haven't seen anything to suggest that Mrs M was given this expectation and I'm satisfied that 1 May 2025 would be too long after inception of the loan for the first payment to be taken. So I don't think Novuna made an error when it collected the first payment on 1 April 2025.

I appreciate that Mrs M was surprised at the amount of interest which had accrued on the loan in such a short time. However, as Novuna has explained, the loan is front loaded, which means that full interest is charged in advance and applied from the date of the agreement. This means that more interest accrues at the start of the loan.

Taking all the available information into account, I'm unable to uphold the complaint.

## **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 20 August 2025.

Emma Davy  
**Ombudsman**