

The complaint

Mr M complains Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance are holding him responsible for a £20,000 loan he says was taken out as part of a scam.

What happened

Mr M fell victim to an investment scam. Mr M was contacted by an “account manager” and downloaded a remote desktop access application at his instruction – which gave the account manager access to Mr M’s laptop. As part of the scam, Mr M says the scammer took out the loan to invest.

The proceeds of the loan were paid into an account in Mr M’s name – which had also been set up as part of the scam – then transferred on to the scammers.

Mr M complained to Novuna about the loan. It responded to say it to as Mr M knew about the loan application and the loan proceeds were paid to an account in his name, it didn’t think it was unfair to hold him responsible for it. Novuna did admit though it had given him the wrong information on two occasions about whether he’d need to make repayments towards the loan. It offered him £320 in respect of the distress and inconvenience caused.

Mr M referred his complaint to our service. An Investigator considered the circumstances. She said, in summary, she thought Mr M was aware of the loan when it was being taken out and therefore it was fair for Novuna to hold Mr M liable for it. She also considered the compensation offered for the wrong information fair and reasonable.

Mr M didn’t agree with the Investigator’s findings. He said he thought additional compensation was due because of the incorrect information he’d been given.

As Mr M didn’t agree, the complaint’s been passed to me to decide.

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.

Generally, a customer cannot be held to the terms of a loan agreement they didn’t enter into or was entered into by someone else without their consent.

Mr M says he believed he was involved in a legitimate investment opportunity. He said he gave the scammer access to his laptop via a remote desktop application and could see the scammer making the loan application. He also gave the scammer personal information, including copies of his identification documents.

I accept that Mr M didn’t apply for the loan himself. But he does admit that he knew the loan was being applied for, for him to invest and that he provided a One Time Passcode (“OTP”) to the scammer he received from Novuna to validate the application. So, I think Mr M consented to the loan. As Mr M consented to the loan, it’s fair for Novuna to hold him liable.

After the loan application was approved, the proceeds of the loan were paid into a current account in Mr M's name. From there, the funds were moved onto the scammers. Mr M has told us he was making these payments himself. Mr M says it's not fair for him to be held liable for the loan as he hasn't benefitted from the loan proceeds, as they were transferred to the scammers.

But, at the time, Mr M was using the funds to make what he thought were legitimate investments that he hoped to make money from. So while that turned out not to be the case, I'm satisfied Mr M made use of the funds.

Shortly after the loan was taken out, Mr M contacted Novuna to withdraw from the agreement under the cooling off period. Mr M was told that to do this he'd need to return the £20,000 to Novuna. Ultimately, Mr M didn't repay the £20,000 and told Novuna eventually he couldn't do so because he'd been the victim of a scam.

Novuna looked into the circumstances of the application and wrote to Mr M on 20 November 2024 to say that it couldn't accept the application was fraudulent. In this it also told Mr M he wouldn't need to make any payments under the agreement. This was incorrect – the agreement hadn't been cancelled and Mr M was still required to make payments. Novuna also accepts that Mr M was told on a second occasion during a telephone call that he wouldn't need to make any payments. This was also in error. To recognise the distress and inconvenience caused, Novuna have offered Mr M £320.

I agree that this was significant error for Novuna to make, particularly given what Mr M had already been through. And it appears to have taken a few weeks for the true position to have come to light. However, based on what Mr M has told us, it seems most of the impact on him has been caused by having been the victim of a scam. Being the victim of a scam, by its very nature, will be distressing and inconvenient. But it wouldn't be fair or reasonable for me to find Novuna is responsible for this part of it. That said, I agree Mr M would have found it distressing to be told twice he wouldn't need to make payments towards the loan only to find out later this wasn't the case. Having considered everything, I'm satisfied the £320 Novuna has already offered fairly reflects the impact of this incorrect information on Mr M.

Overall, I'm satisfied that Mr M consented to the loan application and then made use of the funds. While I accept that he did so as part of a scam, I find it's fair and reasonable for Novuna to hold Mr M liable for the loan. And, the amount already offered in respect of the incorrect information Mr M was given is fair and reasonable in the circumstances of this complaint.

I'm aware Mr M has concerns about how he will repay the loan. So I'll remind Novuna of its obligations to treat Mr M sympathetically when agreeing any repayment arrangement with him.

My final decision

For the reasons for I've explained, I'm satisfied what Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance have already offered to do is fair and reasonable in resolution of this complaint.

So Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance should pay Mr M £320, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 October 2025.

Eleanor Rippengale
Ombudsman