

The complaint

Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance provided Mr K with a £25,000 loan, with a 60-month term, in July 2024. It had a 10.4% APR, and £530.39 monthly repayments. Mr K says the loan was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm not upholding Mr K's complaint. I'll explain my reasoning below.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr K's case.

I've decided the loan was provided fairly because:

- I don't think the checks Novuna did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Mr K's financial situation. Given Mr K wanted to borrow £25,000 over 60 months, I think Novuna should have done more to understand if the loan would be affordable and Mr K could make the repayments sustainably throughout the full term.
- If Novuna had done proportionate checks, I don't think it's likely these would have shown it was unfair to provide the credit to Mr K.
- Regarding the credit checks, I'm aware Mr K says he took out a £25,000 loan with another lender shortly before this loan. I can't see this was showing in the information Novuna gathered from credit referencing agencies (CRAs) – but this isn't unusual given how long it can take for credit reports to be updated.
- Novuna verified Mr K's income via a CRA as part of its checks, and the information showed he was managing his accounts well. Because of this, I don't consider Novuna needed to go as far as reviewing Mr K's statements before making its lending decision. But it should have asked more questions about Mr K's income and expenditure.
- To help Novuna investigate his complaint, Mr K sent it his bank statements for the three-month period prior to taking out the loan. He considers this shows the borrowing wasn't affordable. But having reviewed the statements, I don't agree. The statements suggest Mr K's income was somewhat higher than that declared in his

loan application and verified by Novuna. I say this as I've seen credits from his monthly pension, DWP PIP payments, and what appears to be a pension drawdown. After essential spending, Mr K appeared to be left with a disposable income and his statements showed he was frequently in a healthy credit balance. I've seen that Mr K also appeared to be transferring funds to other accounts.

- I've noted what Mr K has said about how much he was spending on the direct debits listed on his statements. But many of those were for household bills. Given the statements Mr K provided were for the joint account he holds with his wife, I consider it's most likely he would have explained to Novuna (if he'd been asked) that they both contributed to those bills – particularly given his testimony to our service about his wife's income also being paid into that account. So, it wouldn't be fair and reasonable to now conclude those were expenses he solely bore himself based on the evidence we've been provided.
- Based on the information Mr K has provided about his circumstances at the time; there was nothing to suggest he was likely to be unable to sustainably repay what he was being lent.
- I don't think Novuna acted unfairly in any other way.

This means I don't think Novuna did anything wrong when it provided the loan to Mr K.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Novuna lent irresponsibly to Mr K or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr K hoped for. But for the reasons above, I'm not asking Novuna to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mr K's complaint about Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 January 2026.

Sarah Turay
Ombudsman