

The complaint

Mr C has complained about Mitsubishi HC Capital UK PLC (trading as Novuna Personal Finance) holding him liable for a loan which he says was taken out without his knowledge.

What happened

In 2024, Mr C fell victim to a cryptocurrency investment scam. He sent funds to the scammers, and was told he'd made very large profits, but had to pay very large fees to release them.

As part of the scam, a £25,000 loan was taken with Novuna in Mr C's name. It was paid to Mr C's bank account. He forwarded the funds to the scammers to release his profits. Mr C was asked for even more money, and realised he'd been scammed.

Mr C says he didn't apply for this loan, and says the scammers told him the money came from their financial department. Novuna have held Mr C liable for the loan on the basis of the identity checks they carried out to verify it was really Mr C applying.

Our Investigator looked into things independently and felt Mr C probably hadn't agreed to the loan but had reasonably been aware of it. So they recommended Novuna waive the interest and fees and only hold him liable for the principal. Novuna didn't agree, so the complaint's been passed to me to decide.

I sent Mr C and Novuna a provisional decision on 17 June 2025, to explain why I didn't think the complaint should be upheld. In that decision, I said:

First, I understand that Mr C fell victim to a cruel scam here, for which he has my sympathy. I appreciate that the scammers have caused him a great deal of distress. I must keep in mind that it's the scammers who carried out the scam, and so it's the scammers who are primarily responsible for the stress they caused – rather than Novuna. In this complaint between Mr C and Novuna, I'm just looking at what Mr C and Novuna are responsible for.

Broadly speaking, Novuna can hold Mr C liable for this loan if he consented to it.

In order to proceed with the loan application, Mr C had to verify his mobile phone number using a code sent by text. The number used was his real one – the same one he gave us. Mr C's number was verified to proceed with the loan. And the texts involved would've made it clear that this was personal finance being applied for.

Most importantly, Mr C consented to the loan application by providing a live video of himself, along with his official photo ID. This video was taken live from Mr C's device camera – it was not pre-recorded. The person in the video matches Mr C's official photo ID, and the internet connection used was geolocated to where Mr C lives. I'm satisfied that this was Mr C.

The link to the live ID process was sent to Mr C by text – again, to his genuine mobile number. Since I'm satisfied it was Mr C who used that link, we can also be reasonably satisfied that he was receiving Novuna's texts – which included the texts which made it clear this was an application for personal finance.

The process for providing this live selfie made it clear that this was for a personal finance application which Mr C would be solely responsible for, and that by verifying his identity Mr C would be completing the loan application. It also warned Mr C in some detail about scams which involve applying for finance to fund investments. Mr C acknowledged this and chose to proceed.

So even if the scammers may have initially filled out the application form, we can be fairly satisfied that Mr C understood this was a loan application in his name, and that he ultimately consented to it.

This is further supported by the application using key genuine details of Mr C's. And from his contact with the scammers, it looks like Mr C was speaking to the scammers as the loan was being applied for, and they were discussing which details to put in the application. I can see that the scammers also confirmed the loan application number with Mr C. This does imply that, even if Mr C didn't make the initial application himself, the scammers made it with his consent while effectively acting as his agent. While the email address used was different to the one Mr C gave us, it appears to have been an email address he was discussing with the scammers and which he was aware of at the time. Mr C also gave the scammers his genuine bank details to pay the loan into, and there's no dispute that he received and passed on the loan funds himself, which showed up on his bank account as coming from Novuna Personal Finance. And Mr C was motivated to consent to the loan as he believed it would release his substantial investment returns.

I acknowledge that the scammers may have told Mr C they had some kind of special relationship with Novuna, and that he may have thought he would've somehow avoided liability or been able to repay the loan quickly using his investment profits. But the evidence supports that Mr C was reasonably aware this was a loan being applied for in his name which would need to be repaid, and that he agreed to the loan, even if he was misled about its nature by the scammers.

I don't wish to diminish in any way that Mr C has been the victim of a cruel scam. I do appreciate that the scammers may have built a trusting relationship with him and abused that trust. Of course, if Mr C now faces any financial difficulties then I'd expect Novuna to deal positively and sympathetically with those when it comes to repaying the money he owes. But based on the evidence I have so far, Novuna lent to Mr C in good faith, they didn't have good reason to think he was being scammed, and Mr C ultimately agreed to the loan. So I currently think Novuna can hold him to the terms of the loan he agreed to.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 1 July 2025. Novuna had nothing further to add. I'll talk through Mr C's response below.

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.

In response to the provisional decision, Mr C emphasised that he was a victim of fraud, and explained that the psychological impact on him had been even greater than the financial. I'm grateful to Mr C for being open and candid with us about how the scammers affected him, and I do sympathise with the fact that he was victim to a cruel scam. I must keep in mind that it's the scammers who carried out the scam, rather than Novuna. Novuna lent to Mr C in good faith and had enough to be satisfied that he consented to this loan. So it's the scammers who are primarily responsible for all the distress they caused, rather than Novuna. And in this case between Mr C and Novuna, I'm just looking at what Mr C and Novuna are responsible for – I have no jurisdiction over the scammers.

Similarly, I'm sorry to hear that the authorities have not been able to apprehend the scammers for Mr C. But again, I'm afraid that all falls outside of our service's jurisdiction. We're not the police, we don't hold authority over the police, and we don't have the power to run a criminal investigation. We're just here as an independent party, to decide individual complaints, as a more informal alternative to the courts. So here, I'm giving my independent assessment of the case between Mr C and Novuna.

Mr C said he didn't recall going through facial recognition, and suggested the scammers had used the copy of the photo ID he'd given them, which had his picture on it. But to be clear, it wasn't a static picture which was used to verify Mr C's face, it was a live video. And this was done live, using the camera in Mr C's device – it wasn't pre-recorded, so it could not have been a photo or video he'd given the scammers. Mr C actively recorded himself to verify his identity and consent to this loan. He did this from his internet connection, which was geolocated to where he lives. The process for identifying himself made it clear that this was for a personal finance application which Mr C would be solely responsible for, and that by verifying his identity Mr C would be completing his loan application. Mr C also received other texts which made it clear that this was personal finance being applied for.

Mr C pointed out that the email address on the application was different to the one he normally used. He says he didn't know about it. But as set out before, I can see that at the point of the loan application, Mr C was discussing application details with the scammers, which included the email address used. So it appears he did know about it. And given that Mr C consented to the loan through a live video, via a link sent to his genuine mobile phone which he verified as being his, and that it was made clear to him that this was an application for a loan which he'd be responsible for, we can be reasonably satisfied that Mr C consented to this loan and can be held to its terms, regardless of the email address.

I appreciate that Mr C may have consented to this loan because of false information the scammers gave him, such as convincing him he could repay it quickly using his investment profits. But that's not Novuna's fault – and again, this case is against Novuna, not the scammers. Novuna lent to Mr C in good faith, they didn't have good reason to think he was being scammed, and Mr C agreed to the loan, which he was made aware was a loan in his name which would need to be repaid. So Novuna can hold Mr C to the terms of the loan he agreed to.

I also appreciate Mr C is upset that Novuna have not been discussing this matter with him further. But while the matter was being looked at independently by our service, it made sense for Novuna to wait and see what we decide. And that's normal in complaints. When Novuna gave Mr C their final response letter, that was their last response to this complaint. It meant that Mr C could then come to our service for our independent assessment, rather than discussing the matter with Novuna without any end point. Similarly, this final decision will bring the case with our service to its conclusion.

I understand that Mr C wanted our service to take his side, and that he's unhappy I've not found in his favour. But we're an independent dispute resolution service – an informal alternative to the courts. So, like a court, we don't represent either side, we give our independent assessment. And, like in court cases, sometimes an independent assessment will find that one side's testimony is not correct. Here, I've gone through all the relevant evidence. And the evidence demonstrates that, despite saying he was unaware of the loan application, Mr C received contact about it directly at the time, it was made clear to him that this was a loan application in his name, and he consented to the loan using a live video of himself taken on his device on his internet connection. In other words, the evidence is clear that Mr C agreed to this loan.

So it's fair for Mr C to be held to the terms of the loan he agreed to. This is a difficult message for me to give, and I know it's a difficult message for Mr C to receive. But given the weight of the evidence, I'm unable to reasonably reach any other conclusion.

Of course, if Mr C now faces any financial difficulties then I'd expect Novuna to deal positively and sympathetically with those when it comes to repaying the money he owes them. Mr C can make a new, separate complaint if he subsequently feels that Novuna aren't being reasonable when arranging repayment. But he does owe them this money.

Finally, Mr C referenced the rules around the payments victims make in Authorised Push Payment scams. To clarify, those rules are about sending payments to scammers, rather than taking out loans. So those rules aren't really relevant to this loan application case with Novuna. They may be relevant to the payments Mr C sent from his bank accounts when he transferred his loan funds away. Mr C may wish to complain to his banks about how they handled the payments he made during the course of the scam. But again, that would be a new, separate case to this one.

So having reconsidered this case about Novuna, I've come to the same conclusion as before.

My final decision

I do not uphold this complaint.

This final decision marks the end of our service's consideration of this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 July 2025.

Adam Charles
Ombudsman