

The complaint

Mr M complains about the information recorded on his credit file by Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance.

What happened

Mr M had a loan account with Novuna, which fell into arrears in March 2024. Novuna issued a default notice on 12 April 2024, which said it would default his account if the arrears were not repaid before 3 May 2024. As no payment was received, it defaulted his account in July 2024.

Mr M complained to Novuna in May 2025. He said he didn't receive the default notice as it was sent to an old address. During this time, Mr M says he was experiencing financial hardship and serious illness, which meant he wasn't regularly checking his emails.

In response, Novuna said it wouldn't remove the adverse information from his credit file. It said Mr M hadn't made them aware of his change of address. It added it had tried to call him and sent an email and text messages.

Unhappy with this response, Mr M referred his complaint to our service. He said the default has affected his ability to access credit and rebuild his financial stability, as well as causing distress and embarrassment.

One of our investigators reviewed Mr M's complaint and thought Novuna was entitled to default Mr M's account. They said Novuna had taken reasonable steps to contact Mr M.

Mr M disagreed with our investigator's opinion, saying he was experiencing serious illness and financial hardship at the time. As Mr M asked for an ombudsman's decision, his case was referred to me for a 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.

The Information Commissioner's Office (ICO) sets out guidance that says Novuna should record an account as in default after three to six months of arrears. This guidance applies even where the customer is vulnerable or in financial difficulties. Where a customer is vulnerable or experiencing financial hardship, we'd expect Novuna to treat them fairly.

Mr M's account was more than three months in arrears, and Novuna had tried to contact him about these, so it was entitled to record the account as in default. Its letters invited Mr M to get in contact if he was experiencing financial difficulties and there's nothing to show it wouldn't have treated him fairly if he'd got in touch. I acknowledge Mr M was experiencing serious illness and financial difficulties. However, he didn't reach out to Novuna, who had offered help, so I'm not persuaded it was obliged to do more.

Mr M says he didn't get the default notice, but Novuna isn't required to check if it was

received before defaulting an account. Mr M was aware of the loan, and it was his responsibility to ensure his contractual monthly repayments and to update Novuna with his current address. Novuna did send him texts and an email to the address, which he confirmed he received. Whilst I sympathise with Mr M that he found it difficult to engage with emails, I'm not sure there was much more Novuna could reasonably have been expected to do.

Whilst Mr M has since made repayments towards the outstanding balance, it remains that Novuna was acting in line with the ICO's guidance by recording a default once three to six months of arrears had accrued. It isn't obliged to remove the default because of Mr M's circumstances at the time. Instead, Novuna has to ensure the credit file is an accurate reflection of Mr M's payment history. In the circumstances, I don't think Novuna made an error here. So, I don't think it's under any obligation to remove the default as Mr M has requested.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 January 2026.

Victoria Blackwood
Ombudsman