

The complaint

Mrs R complains that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance ('Novuna') was irresponsible in its lending to her.

What happened

Mrs R was provided with a £10,000 loan in July 2022. The loan term was 60 months, and Mrs R was required to make monthly repayments of £274.06.

Mrs R said that the loan was unaffordable and that adequate checks weren't carried out before the loan was issued. She explained that this loan has added significant stress to her family and that she and her husband had taken out further debt to meet the repayments and that as they couldn't afford the loan it has now defaulted.

Novuna issued a final response to Mrs R's complaint dated 6 September 2025. It said that before lending it carried out credit and affordability checks using the information Mrs R provided, credit reference agency data and information from third parties. It said that based on its checks the loan was affordable for Mrs R.

Mrs R referred her complaint to this service.

Our investigator thought that adequate checks had been conducted before the loan was issued and that based on these the loan appeared affordable for Mrs R. Therefore, they didn't think that Novuna acted unfairly in providing the loan.

Mrs R didn't accept our investigator's view. She said the figure used for rent was too low. She explained that she has five children and that her house had to be adapted to meet her disabled child's needs meaning her rent and other living costs were high. She didn't think this had been reflected in the assessment.

Our investigator contacted Novuna regarding the dependents included in its assessment and it confirmed it used the information provided at the time of application which included three dependents. Our investigator thought it reasonable that Novuna had used a rental model system to estimate housing costs in its affordability assessment and explained that general living costs were used in the affordability assessment which would include costs associated with having dependents.

Mrs R did not agree with our investigator's assessment. She reiterated that she had five dependents and that three had additional needs which resulted in her expenses being higher. She didn't think her circumstances had been looked at fairly or responsibly.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

As part of the application process, Novuna gathered information about Mrs R's income, and it used a credit reference agency tool to validate this. Based on this a net monthly income figure of around £2,078 was used in its affordability assessment. A credit check was carried out which identified £11,400 of existing credit commitments and showed that Mrs R was managing these. Estimated amounts were included for Mrs R's share of the rent (based on her marital status).

Given that Mrs R's income was validated and considering the loan repayments compared to the income figure and noting that Mrs R's credit check didn't raise any serious concerns, I think the checks carried out before the loan was issued were reasonable. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loan should have been given. To assess that I have considered the outcome of Novuna's checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

I note the comments Mrs R has made about her dependents and the additional costs she has. However, having looked through the details Novuna had at application, these show Mrs R as being married with three dependents. Mrs R is recorded as being self-employed with an income of £30,000 and renting. I find it reasonable that this information was relied on.

Mrs R's credit check showed she had nine active accounts. While Mrs R appeared to be managing these accounts there was a default recorded. Given this was historic and as Mrs R's recent account management didn't raise any major concerns, I do not think this alone meant the lending shouldn't have been given or that further credit checks were needed.

I have then considered the affordability of the lending. Mrs R's credit check recorded her existing credit commitments totalling £11,400. The repayments for her commitments (including fixed term repayments and revolving credit) were identified as around £424 which based on the credit results, I find reasonable. I do not think these figures suggested that Mrs R was overindebted. Novuna used a rental model to estimate Mrs R's housing costs as £578 and then attributed 50% of this to the calculation based on Mrs R being married. While I appreciate that a 50% share of the housing cost may have been reasonable, I further note that even if the full £578 was included, this would still leave Mrs R with around £802 after deducting her housing and credit costs (including this Novuna loan) from her income for her general living costs. Based on this I do not find I can say that this loan should have been considered unaffordable.

So, while I note the comments Mrs R has made about her dependents and additional costs, as I think the checks were proportionate in this case, and these suggested the loan to be affordable, I do not find I can uphold this complaint.

I've also considered whether Novuna acted unfairly or unreasonably in some other way

given what Mrs R has complained about, including whether its relationship with Mrs R might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Novuna lent irresponsibly to Mrs R or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 19 March 2026.

Jane Archer
Ombudsman