

## **The complaint**

Mr F says Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance (who I'll call Novuna) were unreasonable to default his account.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr F took out a seven-year fixed sum loan with Novuna in 2021. Novuna defaulted the account in mid-2024 when Mr F failed to keep up with repayments. Mr F complained to Novuna. He said they were unreasonable to default the account and hadn't warned him of that possibility and he said they'd told him there was nothing owing.

Novuna didn't think they'd been unfair to default the account as Mr F was in significant arrears. They noted that their agent had provided Mr F with inaccurate information regarding his account balance in July 2024 and they paid Mr F £50 to compensate him for the distress and inconvenience caused, but they didn't think that mistake meant they shouldn't hold him accountable for the debt that was outstanding.

Mr F referred his complaint to this service but when our investigator didn't think there was cause to uphold it, he asked for a final decision by an ombudsman.

## **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.

I agree with the investigator's view of this complaint and for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I don't think Novuna acted unfairly by issuing a Notice of Default and subsequently defaulting the account.

The Information Commissioner's Office says that when an account is three months in arrears they would expect a business to consider defaulting it and that a default should usually be applied before it's six months in arrears. By the time Novuna issued the Notice of Default Mr F was four months in arrears and as he didn't make a further payment in line with that Notice I don't think Novuna were wrong to default the account. I think it fair for them to have made the assessment that Mr F was unlikely to be able to sustainably make payments towards the agreement.

Mr F says he didn't receive the Notice of Default. However, I am satisfied it was likely sent to him as it was correctly addressed. Mr F has said an agent explained it may have been mislaid by the postal service, I have no further evidence to corroborate that, and it wouldn't be fair to hold Novuna responsible for postal service delays. And, regardless, I think the level of arrears would have been clear to Mr F. He hadn't made a contractual payment to his account since December 2023, and he'd been making reduced payments under a repayment plan for a few months. On that basis I don't think Novuna were unreasonable to consider that sustainable repayments were unlikely and to default the account.

I've also considered Novuna's email to Mr F in July 2024 which suggested the balance on his account was zero and that no further contractual payments were due. I don't think it would reasonably have led Mr F to believe his liabilities under the agreement had been cleared. This was a seven-year loan taken out in 2021 and it wasn't due to end until 2028. Mr F had also been in a payment arrangement and hadn't made a full contractual repayment for about seven months at that time. In that context, I think it would have been clear to him that there was still an outstanding balance. That said, Novuna made a mistake, and they should compensate Mr F for the distress and inconvenience caused by that mistake. All things considered, I think the £50 they paid was sufficient.

Mr F says that Novuna didn't give him the information he required, and that he was entitled to receive under the terms of his contract with Novuna, in respect of his account position. I've seen a copy of the annual account statement and of the Default Notice that accurately set out that position and I can't see that there's sufficient information Mr F was deprived of that information in such a way as it prevented him from adequately addressing the arrears on the account.

Taking everything into account I'm satisfied that the default accurately reflected the position of the account at the time and that Novuna did not act unfairly when registering it.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 January 2026.

Phillip McMahon  
**Ombudsman**