

## The complaint

Ms C complains Mitsubishi HC Capital UK PLC trading as Novuna (Novuna), changed its processes, resulting in a kitchen she'd ordered being delayed and her finance agreement with Novuna being cancelled.

## What happened

In May 2024, Ms C arranged for a company, I'll refer to as S to supply and install a kitchen, financed through a fixed sum loan agreement with Novuna. The total cost of the kitchen was around £52,000, with around £39,000 financed through the agreement with Novuna.

Ms C says she expected S to deliver the kitchen towards the end of July 2024, so her current kitchen was removed in May 2024 in sufficient time to prepare for the new kitchen. Ms C says as a result she expected to be without a permanent kitchen for the short time, but it ended up being much longer than anticipated.

On 15 July 2024, S told Ms C Novuna was no longer able to finance the agreement, and she'd need to find an alternative way to pay. It went on to explain Novuna had refused to pay S upon delivery, as per the agreement, and S couldn't accept the revised payment terms Novuna put in place. It also said it could deliver and install the kitchen on 19 and 20 August 2024, providing alternative finance was secured.

Unhappy, Ms C contacted Novuna on 26 July 2024 to raise a complaint. Following this, Ms C says Novuna explained it was willing to finance the agreement, but wouldn't agree to make payment in the time frames S requested – instead it would make payment after a period of 12 months.

On 2 September 2024, Novuna issued its first final response letter. This said it had made the decision to cancel Ms C's finance application and would remove the hard search from her credit file. While it didn't accept liability for the issues Ms C experienced, it offered £200 as a gesture of good will.

Ms C continued to correspond with Novuna to establish when the agreement would be cancelled and the hard searches removed. In response Novuna issued a further final response on 14 October 2024. This apologised for its delay in dealing with Ms C's case, and removing information from her credit file – which it had now done. It explained the decision to withdraw Ms C's finance application was a business decision. Overall, it upheld Ms C's complaint and offered a further £150.

While the matter was ongoing, Ms C secured finance with another lender on 3 October 2024, but was required to pay a much larger deposit. Her kitchen was delivered around 10 October 2024 and took around six weeks to be installed. Ms C's kitchen was completed in November 2024.

Unhappy Ms C contacted this Service. An Investigator here reviewed matters and didn't think Novuna had done enough. In summary they said although this Service couldn't require Novuna to change its processes, the agreement Ms C had entered with Novuna said it would

make payment to S on supply of the kitchen. As such, Novuna's decision to amend these payment terms meant S chose not to deliver the goods – significantly impacting Ms C. As a result of the prolonged period without a kitchen, and significant distress and inconvenience caused our Investigator considered a total compensation payment of £700 fairly resolved matters.

Novuna didn't agree, in summary saying:

- It wasn't responsible for the service provided by S and it was its decision not to proceed with the installation unless full payment was made.
- As S refused to continue, it had no choice but to cancel the agreement.
- The kitchen installation was due to go ahead around 20 August 2024, so there was still time for arrangements to be made and there was no reason for Ms C to remove her kitchen before this.
- It has complied with the regulator's timeframes in responding to Ms C.

Our Investigator considered this but didn't change their opinion. They reiterated that Novuna's delays and lack of information meant Ms C wasn't able to obtain alternative finance for the kitchen for some months, which meant Ms C was without a kitchen for longer. They also explained that although Ms C had made the decision to remove her old kitchen in May 2024, they weren't holding Novuna responsible for the full period of time. In addition they explained the regulator's timeframes to resolve complaints within eight weeks didn't impact the outcome here.

Novuna continued to disagree, pointing again to terms it had relied on to hold funds, which S had agreed to. Overall it said £350 already paid was fair compensation so asked for an Ombudsman to consider this complaint. As no agreement has been reached, the complaint has been passed to me to decide.

### **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 doing so, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

Firstly, I should say in this decision, I'm only able to consider the actions of Novuna, not those of S.

Here Ms C entered an agreement with Novuna to provide finance for a kitchen she ordered from S. This was signed by Ms C on 20 May 2024. Having reviewed this agreement, it says:

#### *“6. Supplier*

*You authorise us to pay the Amount of Credit to the Supplier as soon as the goods/services have been supplied or to inform the Supplier if we refuse to enter into this agreement”*

The pre-contract information goes on to say:

*“How and when credit would be provided*

*We will pay the total amount of credit to the supplier of the goods/services once they have been supplied to you.”*

As such, it seems reasonable Ms C expected payment to be made to S on delivery of the kitchen.

However, in July 2024, S contacted Ms C explaining Novuna had made the decision not to make payment on delivery, but instead after a 12-month period. As such, it said it was unable to deliver the kitchen to Ms C until alternative payment or finance had been arranged. It's important to say, my consideration here is the agreement between Novuna and Ms C, the terms that applied to that and whether Novuna treated Ms C fairly, or not. The change in Novuna's payment terms appears to apply to a contract Novuna entered with S, and as such isn't something this Service can consider, or comment on Novuna's reasons for doing so.

I can however consider how any decisions Novuna made impacted Ms C, and here I think Novuna's decision not to make payment upon delivery, has had a significant impact on Ms C.

While I'm not deciding whether Novuna was right to say it wouldn't make payment on delivery, or not, I think it's something Novuna should have made Ms C aware it could, and ultimately did, do. For example, I haven't seen within the terms of the agreement Ms C entered, that Novuna set out this might happen. As such, I think it would have been reasonable for Novuna to contact Ms C, letting her know what was happening and any potential impact it might have.

Given S was aware, and told Ms C on 15 July 2024, I would have expected Novuna to contact her around this time also, if not before. However, the first contact I can see Ms C had with Novuna was when she contacted it on 26 July 2024 – over ten days later. So, I've taken this into consideration when coming to my outcome.

Following this, there appears to have been some confusion between the parties as to why the kitchen couldn't be delivered. S saying Novuna wouldn't make payment and Novuna saying it would. This undoubtedly caused Ms C distress and inconvenience in having to resolve the matter, at what was already an understandably stressful time. Had Novuna explained sooner how it was intending to pay S, Ms C could have started to arrange a suitable alternative, reducing the delay in her kitchen being delivered.

Instead, it took until 2 September 2024 for Novuna to let Ms C know it had made the decision to cancel the finance agreement, and even then, I can't see Ms C was given a clear explanation as to why this was. This doesn't seem reasonable.

I can see Ms C then had to chase Novuna on several occasions to find out what was happening, when the agreement would be cancelled and when the hard search would be removed from her credit file.

While Ms C was able to source alternative finance through a different lender during this time, it required a larger deposit and took until 3 October 2024 to happen. Had Novuna followed the terms set out in the contract it entered with Ms C, provided a clearer explanation of what was happening and done so promptly, Ms C wouldn't have been put to such inconvenience.

While Novuna has said it wasn't aware Ms C was without a kitchen until August 2024 and that she'd not needed to remove it, as delivery wasn't due until 19 or 20 August 2024, I don't think that means it's offer of £350 is sufficient. I've explained that I think Novuna should have contacted Ms C sooner in any case and Ms C's decision to remove her kitchen in preparation doesn't change the outcome here. That's because Ms C had prepared to be

without a kitchen for around ten weeks, but I've found Novuna's errors delayed that considerably more and her kitchen wasn't delivered until around 10 October 2024.

Taking everything into account, I can appreciate it would have been an extremely stressful time for Ms C. As a result of Novuna's decision, Ms C was left without a kitchen for far longer than anticipated, required to quickly obtain alternative finance for a large amount of money and had the prospect of S pursuing her for a payment. She was also required to spend time contacting Novuna to find out what was happening. As such, I consider a total payment of £700 fairly resolves the matter here and is within our award ranges for situations such as this.

It appears Novuna has issued two cheques to Ms C, one for £200 in September 2024 and a further for £150 in October 2024. It's unclear if these cheques have been paid in by Ms C or not. But I'll require Novuna to pay Ms C a total of £700.

For completeness, while Novuna has said it resolved matters within eight weeks, as per the regulator's timeframe, I don't consider that's relevant here. That's because, the timeframes Novuna is referring to relate to the time in which a financial business has to respond to a complaint – before the matter can be referred to this Service. It doesn't mean Novuna has up to eight weeks to resolve every issue raised with it.

### **My final decision**

I uphold this complaint and require Mitsubishi HC Capital UK PLC trading as Novuna to pay Ms C a total of £700. If any of the cheques have been paid in, it can deduct the amount of the cheque(s) from the final figure it pays Ms C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 31 December 2025.

Victoria Cheyne  
**Ombudsman**