

The complaint

Mitsubishi HC Capital UK PLC, trading as Novuna Personal Finance, provided Mr C with a £5,000 loan in April 2024. It had a 36-month term, and the monthly repayments were £203.07. Mr C says the loan was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr C's case.

I've decided the loan was provided fairly because:

- I think the checks Novuna did before providing the loan were reasonable and proportionate given the loan value, the monthly repayments relative to Mr C's income and the stage in the lending relationship. It verified Mr C's declared income and checked his credit file to understand his existing secured and unsecured commitments.
- Novuna's checks showed Mr C would have around £1,500 income remaining each month after taking on this loan, paying his mortgage and his existing credit commitments. It was reasonable for it to conclude, based on national statistics, that this would cover his living costs.
- Mr C submitted a breakdown of his actual expenditure at this time to show the loan was not affordable. But it would not have been proportionate for Novuna to carry out the level of financial review needed to discover this given the nature of the lending. He also pointed out that he was in a debt management plan at the time, but such plans are not typically listed on a credit file so Novuna would only have been aware if Mr C told it.
- The credit check showed Mr N had £14,200 of unsecured debt so he was not over-indebted. There were defaults on his file, but they were from 2018 and 2019. All his active credit was up-to-date, and had been for the last nine months, so it was fair for Novuna to conclude his finances had stabilised.
- Based on the information Novuna gathered and what it knew about Mr C's circumstances, there was nothing to suggest Mr C was likely to be unable to sustainably repay what he was being lent.

- I don't think Novuna acted unfairly in any other way.

This means I don't think Novuna did anything wrong when it provided the loan to Mr C.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Novuna lent irresponsibly to Mr C or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr C hoped for. But for the reasons above, I'm not asking Novuna to do anything to put things right.

My final decision

I am not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 April 2026.

Rebecca Connelley
Ombudsman