

The complaint

Mr C complains about the way Novitas Loans Limited administered a fixed sum loan agreement he entered into.

What happened

In 2019, Mr C entered into a fixed sum loan agreement with Novitas to fund some legal proceedings. The loan facility was for a maximum amount of £18,000 which would be periodically drawn down by Mr C's solicitors to cover ongoing legal costs.

Mr C was also required to take out an 'after the event' insurance policy which was financed by the loan agreement. This insurance policy was designed to cover all of Mr C's legal costs and liability under the Novitas loan agreement in the event that he lost the legal proceedings.

In 2021, Mr C's legal representatives went into administration. New solicitors were appointed to continue with his legal proceedings. The proceedings were concluded in Mr C's favour in 2023 and his loan with Novitas was paid off in full as the losing party was required to pay Mr C's costs.

In 2025, Mr C complained to Novitas to say that he had been unfairly pressured into taking out the loan agreement. He said the loan had not been suitable for him and that Novitas had not completed appropriate checks before lending to him. He said that Novitas had deliberately caused delays to his legal proceedings.

Novitas didn't agree it had acted unfairly towards Mr C in the way the agreement was set up or administered.

Our investigator didn't recommend the complaint be upheld. They were satisfied that Novitas hadn't acted unfairly towards Mr C.

Mr C didn't agree, so the complaint has been passed 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.

Having listened to the call Mr C had with our investigator where he explained his complaint in more detail, I understand the key issue for Mr C is that he is unhappy with how little was paid to him directly following his successful legal proceedings. He says the majority of the payment that was awarded went to settling his Novitas loan and towards his solicitor's costs. He feels that Novitas deliberately delayed matters to obtain more interest and that the loan was ultimately unsuitable for his needs given how matters have ended up.

Mr C says he was pressured into entering the loan agreement. I understand a courier was sent to his home with various documents to sign. Mr C says he tried to ask the courier questions about the paperwork but wasn't given any answers. However, the courier wasn't qualified to give him any advice in relation to the loan agreement, so I don't consider their

inability to have answered Mr C's question to have been unreasonable. It seems Mr C was free to make up his own mind about whether to sign the paperwork or whether to seek independent legal advice first. I've not been presented with any persuasive evidence which would suggest to me that Mr C was put under undue pressure to enter into the loan agreement.

I've also not seen anything to persuade me that Novitas contributed to any delays with Mr C's legal proceedings. I understand that Novitas may have periodically asked the solicitors for an update on proceedings or that the solicitors may have proactively provided such updates to Novitas. However, Novitas wasn't responsible for progressing his legal claim, that was the role of his solicitors. I've not seen anything to suggest Novitas had any influence over how quickly his legal proceedings were managed.

When Mr C's solicitors went into administration this was outside of Novitas' control. Mr C has sought to argue that Novitas caused them to go into administration but hasn't provided anything to persuade me that was the case. I've seen that Novitas credited unused funds drawn down by Mr C's first solicitors back to his loan agreement and refunded interest that had been charged on that sum. I therefore consider Novitas acted fairly and reasonably towards Mr C.

Mr C feels the loan agreement was unsuitable to him and that the correct checks were not completed prior to him entering into the loan. Mr C hasn't clarified in what way he feels the loan to have been unsuitable to his needs or what checks he feels Novitas ought to have completed that they didn't. Having considered the matter as a whole, I've not found any reason to think that Novitas acted unfairly when entering into the loan agreement with Mr C.

Mr C's arrangement with his legal representatives and Novitas meant that he was never going to be in a position where he would be liable for paying anything towards the Novitas loan agreement. In the event that he won his legal claim (which is what happened), he would have his costs awarded to him which would cover his solicitor's costs (financed by the loan) and likely any costs of borrowing he incurred. In the event that he lost his legal claim, the insurance policy would have covered his loan liability in full.

Had Mr C not entered into the loan agreement he would have needed to fund his legal claim in some other way. I've not seen anything to demonstrate Mr C had any alternative options available to him. And, in any event, the loan has been fully repaid from the proceeds of his successful legal claim. Therefore, even if Novitas had acted unfairly in some way towards Mr C, I've not seen any reason to think he has suffered any material loss as a direct result of entering into this loan agreement.

For all these reasons I'm not persuaded that Novitas has acted unfairly towards Mr C. I therefore don't think it needs to do anything to put things right.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 January 2026.

Tero Hiltunen
Ombudsman