

## The complaint

Mr A is unhappy with the offer Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance (Novuna) made to resolve his complaint about an unaffordable personal loan. Mr A also complains that Novuna has treated him unfairly while he's been in financial difficulties.

## What happened

Mr A took out a personal loan with Novuna in January 2023. He borrowed £25,000 over a term of eight years. The monthly repayments were £364.50.

In June 2024, Mr A contacted Novuna. He told its agent he was experiencing financial difficulties due to increased living costs. Novuna's agent told Mr A that he could speak with a specialist team, and also discussed some potential options with him such as a reduced payment arrangement. Mr A says he asked Novuna for breathing space, or a payment holiday, multiple times.

In 2025, Mr A complained that the loan had been unaffordable from the outset. In its final response letter, Novuna accepted that it shouldn't have granted the loan. To put things right, it offered to refund the interest applied and to apply all the payments Mr A had made against the capital balance. Novuna also offered to remove any negative information from Mr A's credit file.

Mr A wasn't happy with Novuna's offer to resolve the complaint, so he referred it to our service. He said that he had been struggling with his mental health for several years, and that he believes that his difficulties paying the loan has caused his mental health to decline. To resolve things, he wanted Novuna to write off the full remaining balance and a formal recognition of the emotional distress caused to him.

One of our Investigators considered the complaint, and thought Novuna's offer was a fair way to resolve things. Mr A disagreed with the Investigator's opinion. A second Investigator considered further information from Mr A and Novuna, but ultimately also thought that Novuna's offer was a fair way to resolve the complaint. Mr A disagreed, so the complaint comes 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.

Firstly, I'd like to say how sorry I am to hear about the mental health issues Mr A has been experiencing, and the tough time he's had over the last few years. I don't doubt how difficult things have been for him.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I've used this approach to help me decide Mr A's complaint.

I haven't considered in detail whether Novuna should have lent to Mr A here. It's already accepted that it shouldn't have done so – and there is nothing that clearly indicates it has made an error in reaching that conclusion. So, to resolve things informally I've focused on what I consider central to the dispute, which is whether Novuna has acted fairly in putting things right.

Novuna has refunded the interest and charges applied, and amended Mr A's credit file to remove any late payment markers. This is what I'd expect it to do in line with our approach to unaffordable lending.

Novuna has also invited Mr A to speak with it, if the monthly payment continues to be unaffordable for him, so it can see what it can do to help.

To resolve things, Mr A wants the remaining balance to be forgiven. Mr A told one of our Investigators that he'd used the loan capital to replace his family car, repay an existing loan, and to cover some essential living expenses. I've considered what Mr A has told us about the impact making the loan repayments has had on his mental health, and I'm sorry to hear about the difficulties he's faced. But the fact remains he had the benefit of the £25,000 capital – so I can't reasonably ask Novuna to forgive the remaining balance of the account.

I've also thought about how Novuna treated Mr A when he told it he was experiencing financial difficulties in June 2024, and after he raised the complaint in 2025. In both instances, Novuna's agents said that Mr A could speak with its specialist team. In June 2024, Novuna's agent also discussed some of Mr A's options with him. I think this was reasonable.

Mr A said he asked for 'breathing space', or for a payment holiday, on multiple occasions. Looking at the account notes, I can only see this was the case in June 2024 and after he raised the complaint in 2025. In June 2024, Novuna's agent said that it didn't offer payment holidays, but that its specialist team could discuss other payment arrangement with him.

On issuing its final response letter, Novuna's agent said it wouldn't suspend Mr A's payments due to the complaint, but said he could speak with its specialist team which would discuss his options with him.

I think Novuna acted reasonably when Mr A informed it that he was experiencing financial difficulties. It has offered for Mr A to speak with its specialist team, and said that it would offer forbearance measures such as a reduced payment arrangement. This is what I would expect it to do when a borrower said they were experiencing financial difficulties.

I also wouldn't expect Novuna to suspend payments due to a complaint as a matter of course, and – in this instance – I think it was reasonable that Novuna didn't agree to suspend payments here.

I encourage Mr A to speak with Novuna about his current circumstances to agree an affordable repayment plan for the remaining balance. He may also wish to get debt advice from an independent organisation, such as StepChange or National Debtline.

For the reasons I've explained, I think Novuna has taken reasonable steps to resolve the complaint and I don't require it to do anything further.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 February 2026.

Frances Young  
**Ombudsman**