

The complaint

Mr N's complaint is, in essence, that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance (the 'Lender') acted unfairly and unreasonably by (1) being party to an unfair credit relationship with him under Section 140A of the Consumer Credit Act 1974 (as amended) (the 'CCA') and (2) deciding against paying claims under Section 75 of the CCA.

What happened

Mr N purchased membership of a timeshare (the 'Fractional Club') from a timeshare provider (the 'Supplier') on 30 October 2012 (the 'Time of Sale'). He entered into an agreement with the Supplier to buy 2,070 fractional points which he said was at a cost of £38,139 (the 'Purchase Agreement'). But after trading in his existing timeshare, he paid £11,940.

Fractional Club membership was asset backed – which meant it gave Mr N more than just holiday rights. It also included a share in the net sale proceeds of a property named on the Purchase Agreement (the 'Allocated Property') after his membership term ends. Mr N paid for his Fractional Club membership by taking finance of £11,940 from the Lender (the 'Credit Agreement').

Mr N – using a professional representative (the 'PR') – wrote to the Lender on 28 February 2024 (the 'Letter of Complaint') to raise a number of different concerns. Since then the PR has raised some further matters it says are relevant to the outcome of the complaint. As both sides are familiar with the concerns raised, it isn't necessary to repeat them in detail here beyond the summary above.

The Lender dealt with Mr N's concerns as a complaint and issued its final response letter on 23 May 2024, rejecting it on every ground. The complaint was then referred to the Financial Ombudsman Service.

I issued a decision on 8 December 2025 setting out that Mr N had brought his complaint about an unfair relationship with the Lender too late under the Financial Ombudsman Service's rules. So, I didn't have jurisdiction to consider it. But I thought the other complaints he made in the Letter of Complaint and after were brought in time and that I could consider those. I then issued a provisional decision on 19 December 2025 and explained why I didn't plan to uphold the remainder of the complaint. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My role as an Ombudsman isn't to address every single point which has been made to date, but to decide what is fair and reasonable in the circumstances of this complaint. If I haven't commented on, or referred to, something that either party has said, this doesn't mean I haven't considered it.

Rather, I've focused here on addressing what I consider to be the key issues in deciding this complaint and explaining the reasons for reaching my final decision.

Section 75 of the CCA: the Supplier's misrepresentations at the Time of Sale

The CCA introduced a regime of connected lender liability under Section 75 that affords consumers ("debtors") a right of recourse against lenders that provide the finance for the acquisition of goods or services from third-party merchants ("suppliers") in the event that there is an actionable misrepresentation and/or breach of contract by the supplier.

Certain conditions must be met if the protection afforded to consumers is engaged, including, for instance, the cash price of the purchase and the nature of the arrangements between the parties involved in the transaction.

Section 75 does not apply to a claim so far as that claim relates to any single item to which the supplier has attached a cash price not exceeding £100 or more than £30,000. In the Letter of Complaint, the PR said the purchase price of Fractional Club membership before Mr N traded in his existing timeshare was £38,139, which is of course more than £30,000. However, I haven't seen any documented evidence of this such as the Supplier's pricing sheet that is often supplied in similar complaints. So, it's possible that Section 75 didn't apply to Mr N's claim for misrepresentation and the Lender did not unreasonably reject such claim. However, even if that were not the case, there is another reason why I don't think the Supplier was unreasonable to reject Mr N's claim for misrepresentation.

As a general rule, creditors can reasonably reject Section 75 claims that they are first informed about after the claim has become time-barred under the Limitation Act 1980 (the 'LA') as it wouldn't be fair to expect creditors to look into such claims so long after the liability arose and after a limitation defence would be available in court. So, it is relevant to consider whether Mr N's Section 75 claim for misrepresentation was time-barred under the LA before he put it to the Lender.

As I mentioned above, a claim under Section 75 is a "like" claim against the creditor. It essentially mirrors the claim Mr N could make against the Supplier.

A claim for misrepresentation against the Supplier would ordinarily be made under Section 2(1) of the Misrepresentation Act 1967. And the limitation period to make such a claim expires six years from the date on which the cause of action accrued (see Section 2 of the LA).

But a claim, like the one in question here, under Section 75 is also 'an action to recover any sum by virtue of any enactment' under Section 9 of the LA. And the limitation period under that provision is also six years from the date on which the cause of action accrued.

The date on which the cause of action accrued was the Time of Sale. I say this because Mr N entered into the purchase of his timeshare at that time based on the alleged misrepresentations of the Supplier – which he says were relied upon. And as the loan from the Lender was used to help finance the purchase, it was when he entered into the Credit Agreement that he suffered a loss.

Mr N first notified the Lender of his Section 75 claim on 28 February 2024. And as more than six years had passed between the Time of Sale and when that claim was first put to the Lender, I don't think it was unfair or unreasonable of the Lender to reject Mr N's concerns about the Supplier's alleged misrepresentations.

Mr N's other complaint points

I haven't seen anything to persuade me that the right checks weren't carried out by the Lender given this complaint's circumstances. But even if I were to find that the Lender failed

to do everything it should have when it agreed to lend (and I make no such finding), I would have to be satisfied that the money lent to Mr N was actually unaffordable before also concluding that he lost out as a result and then consider whether the Lender should pay him compensation for this reason. But from the information provided, I am not satisfied that the lending was unaffordable for Mr N

Connected to this is the suggestion that the Credit Agreement was arranged by an unauthorised credit broker and that the fact that the loan was used to refinance an earlier one wasn't set out in the Credit Agreement, the upshot of which is to suggest that the Lender wasn't permitted to enforce the Credit Agreement. However, it looks to me like Mr N knew, amongst other things, how much he was borrowing and repaying each month, who he was borrowing from, that he was refinancing an earlier loan and that he was borrowing money to pay for Fractional Club membership. And as the lending doesn't look like it was unaffordable for him, even if the Credit Agreement was arranged by a broker that didn't have the necessary permission to do so or didn't contain all the information it needed to (which I make no formal finding on), I can't see why that led to Mr N suffering financial loss. And with that being the case, I'm not persuaded that it would be fair or reasonable to tell the Lender to compensate him even if the loan wasn't arranged properly.

It has been submitted by the PR, (as a separate and free-standing complaint point from Mr N's unfair relationship complaint) that the Lender did not properly calculate the interest due to be paid by Mr N meaning he has been overcharged. I am aware that the PR has raised this as a blanket point of complaint for most loans advanced by the Lender and other ombudsmen, including me, have issued detailed decisions rejecting the arguments that the PR say apply to all its complaints. I think that the Lender has worked out the interest in the way it said it would in the Credit Agreement, not least because it gave figures to Mr N in that agreement setting out the total interest payable if the loan ran to term as well as the monthly repayment. But even if the Lender wasn't as clear as it ought to have been about the interest charged or that it gave incorrect information on the interest rate that applied, I can't see Mr N lost out as a result. He knew how much he was repaying each month and for how long, and there is no evidence that he was unhappy with those figures. So even if the Lender presented information differently, I can't see how that would have made any difference to Mr N's decision to take out the loan. It follows, I can't say Mr N has lost out or that the Lender needs to do anything further because of this issue.

Conclusion

In conclusion, given the facts and circumstances of this complaint, I do not think that the Lender acted unfairly or unreasonably by not meeting Mr N's Section 75 claims. And having taken everything into account, including the relevant arrangements and payments between Mr N, the lender and the Supplier, I see no other reason why it would be fair or reasonable to direct the Lender to compensate him."

Mr N did not agree with my provisional decision and the PR submitted further comments and evidence it wished for me to consider. The Lender did not respond to my provisional decision.

I am therefore finalising my decision.

The legal and regulatory context

In considering what is fair and reasonable in all the circumstances of the complaint, I am required under DISP 3.6.4R to take into account: relevant (i) law and regulations; (ii) regulators' rules, guidance and standards; and (iii) codes of practice; and (where appropriate), what I consider to have been good industry practice at the relevant time.

The legal and regulatory context that I think is relevant to this complaint is, in many ways, no different to that shared in several hundred published ombudsman decisions on very similar complaints – which can be found on the Financial Ombudsman Service’s website. And with that being the case, it is not necessary to set out that context in detail here. But I would add that the following regulatory rules/guidance are also relevant:

The Office of Fair Trading’s Irresponsible Lending Guidance – 31 March 2010

The primary purpose of this guidance was to provide greater clarity for businesses and consumer representatives as to the business practices that the Office of Fair Trading (the ‘OFT’) thought might have constituted irresponsible lending for the purposes of Section 25(2B) of the CCA. Below are the most relevant paragraphs as they were at the relevant time:

- Paragraph 2.2
- Paragraph 2.3
- Paragraph 5.5

The OFT’s Guidance for Credit Brokers and Intermediaries - 24 November 2011

The primary purpose of this guidance was to provide clarity for credit brokers and credit intermediaries as to the standards expected of them by the OFT when they dealt with actual or prospective borrowers. Below are the most relevant paragraphs as they were at the relevant time:

- Paragraph 2.2
- Paragraph 3.7
- Paragraph 4.8
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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.

Mr N’s complaint regarding his allegation the Lender did not properly calculate the interest due to be paid by him meaning he has been overcharged

I explained in my provisional decision that the issues raised in respect of this complaint point seemed identical to those in other decisions both I and other ombudsmen had already issued detailed findings on, including ones in which the PR had themselves said their arguments were of general application. However, the PR disagreed and asked me to consider these matters again.

Having done so, I’ve not seen anything that persuades me the conclusion I reached in my provisional on this point was unfair or unreasonable. So, I see no reason to depart from it.

Mr N’s complaint about the Lender’s handling of his Section 75 claims

The PR said my findings on this point disregarded Section 32 of the Limitation Act 1980 (the LA’) which suspends limitation where a claim is based on misrepresentation concealed by the defendant until the claimant discovered (or could reasonably have discovered) the truth. It said Mr N only became aware that the timeshare’s alleged “asset-backed” nature was false

after industry investigations and media reports surfaced from 2019 onward and he made his claim within six years of this.

However, the 'asset backed' nature of Fractional Club membership is not false as membership clearly included a share in the net sale proceeds of the allocated property and this was clear from the paperwork that Mr N would have seen at the Time of Sale. I do not think that Section 32 of the LA therefore extended the time within which Mr N could make his claim for the reasons the PR gave. I still don't find the Lender unreasonably declined to meet Mr N's Section 75 claims as more than six years had passed between the Time of Sale (when the misrepresentation cause of action arose) and when he made that claim.

In conclusion, given the facts and circumstances of this complaint, I do not think that the Lender acted unfairly or unreasonably when it dealt with Mr N's Section 75 claims. And having taken everything into account, I see no other reason why it would be fair or reasonable to direct the Lender to compensate him.

My final decision

For the reasons I've explained, I do not uphold Mr N's complaint.

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

Michael Ball
Ombudsman