

The complaint

Ms R, who is represented by Miss S, complains that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance (Novuna) did not handle her claim under section 75 Consumer Credit Act 1975 (s.75) properly.

What happened

On 1 February 2025 Ms R ordered an electrical item online which was funded by a fixed sum loan agreement provided by Novuna. The item arrived damaged and Ms R contacted the merchant without delay. It was agreed the item should be returned. What exactly was agreed is a matter of dispute, but Ms R was concerned about broken glass being shipped and removed the damaged glass component.

The merchant took the view the item had been tampered with and this voided the warranty. They offered to either return the damaged item or arrange for a repair for which a charge would be made or suggested Ms R could have it repaired. Calls and emails were exchanged, but the parties were unable to reach a satisfactory agreement and Ms R contacted Novuna on 23 February and made a s. 75 claim. I have noted that Miss S has told us she and Ms R took exception to the tone of the merchant, but she recognises this service is only dealing with the actions of Novuna.

Novuna considered the s.75 claim and spoke to both parties. It reviewed the evidence provided by Miss S and that provided by the merchant and concluded that a breach of contract had not been established. It notified Ms R by letter on 2 April 2025.

Ms R was unhappy with the outcome and pushed back. After speaking to the original decision maker in Novuna they raised a complaint and later spoke with a complaints handler from Novuna who agreed that the claim should be upheld and the contract cancelled with the deposit she had paid being refunded.

It also offered her £100 compensation for the experience she had with her claim. Novuna called Ms R and Miss C to confirm its decision. Miss C confirmed Ms R wanted a refund. Later the complaints handler said she would contact the merchant and 'let them know they need to process that'.

The complaints handler and Miss C spoke again on 11 April 2025. The call handler explained that she had spoken to the merchant which didn't agree with Novuna's view of the s.75 claim, but it agreed to refund the money as a goodwill gesture. The complaints handler explained she had accepted this since it delivered what Ms R was seeking which was a refund. She said that in addition she would arrange for a payment of £100 compensation. Miss C said 'that's great'. The complaints handler noted Ms R found the matter distressing and suggested she need not be in contact with merchant again. She thought this relatively quick resolution of the matter delivered what Ms R had asked for and avoided further investigation.

Novuna wrote to Ms R on 14 April 2025 stating:

“When we spoke, I let you know a cancellation of your agreement and full refund is the right resolution for your case. I’m sorry you had to escalate your claim to receive this response.

[The merchant] have agreed to cancel the order as a goodwill gesture to bring the matter to a close.

Your cancellation was processed on the 11 April 2024. You’ll receive a letter from us shortly confirming your agreement is closed and all traces of it will be removed from your credit file except the initial credit search.

You’ll also receive a refund of £84.90 for the deposit you paid, within the next 3-5 working days.”

Ms R was unhappy with the outcome and brought a complaint to this service. The complaint is about the lack of transparency and a failure of Novuna to confirm the s.75 claim had been upheld rather than having taken a commercial decision. Ms R was upset that Novuna had not confirmed in writing the key facts and there were discrepancies between what was said and what was put in writing. Ms R believes the route to the refund undermined Novuna’s responsibility to uphold the s.75 claim.

Our investigator didn’t recommend the complaint be upheld and so the matter 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.

When the evidence is incomplete, inconclusive or contradictory as some of it is here – I’ve reached my outcome on the balance of probabilities – that is, what I consider likely to have happened given the available evidence and the wider circumstances.

I want to acknowledge that I’ve summarised the events of the complaint. I don’t intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Ms R and Miss S that I’ve reviewed everything on file. If I don’t comment on something, it’s not because I haven’t considered it. It’s because I’ve concentrated on what I think are the key issues. Our powers allow me to do this.

I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

I appreciate the strength of feeling demonstrated by Miss C and Ms R in the pursuit of this complaint. However, I do not consider I can uphold it. I will explain why. I would add I thank Ms R and Miss C for sharing details of the very difficult personal circumstances they and their family have faced in recent times and they have my sympathy.

Ms R wanted to obtain a refund for the damaged item and the merchant refused. They thought the item had been tampered with. The ensuing impasse meant that Ms R turned to Novuna to help her get her money back. In the end this is what it did for her.

The route open to Ms R was a claim under s. 75. This legislation offers protection to customers who use certain types of credit to make purchases of goods or services. Under s. 75 the consumer has an equal right to claim against the provider of the credit or the retailer

providing the goods or services, if there has been a misrepresentation or breach of contract on the supplier's part. For s. 75 to apply, the law effectively says that there has to be a

: • Debtor-creditor-supplier agreement and

- A clear breach of contract or misrepresentation by the supplier in the chain.

The lender has to consider based on the evidence provided by the claimant and the merchant whether there has been a breach of contract or a misrepresentation for a valid claim under s. 75 and to seek to reach a fair outcome.

After carrying out investigations Novuna concluded the evidence was not sufficient to accept the s.75 claim. While Ms R and Miss C believe the claim was strong I do not consider the matter was straightforward. The merchant put forward a reasonable defence and Novuna's decision was not unreasonable. This was explained to Miss C when she spoke with the original decision maker.

However, after Ms R pushed back against this decision Novuna decided that a refund was the correct outcome and this is what it told Ms R and Miss C when they spoke with the complaints handler. Novuna then spoke to the merchant which challenged that outcome but agreed to refund the money as a goodwill gesture. This delivered the result Ms R had said she wanted. It was also the easiest and quickest means of resolving the matter and this offered Ms R a resolution without prolonging matters and potentially causing further distress. Novuna accepted that offer and I consider that was a fair and reasonable decision.

After accepting Ms R should get a refund Novuna has not disputed her right to that refund or suggested her claim under s.75 had not succeeded. All it has done is to try and ensure the money was returned without any further fuss or delay. That was made clear by the complaint handler who advised no further contact with the merchant so Ms R would not encounter any further distress. I appreciate Miss C is unhappy with the description used by Novuna of it being a 'commercial decision', but I believe all that means is that it took the most effective means of obtaining the result Ms R was seeking. Nor do I think it was necessary for Novuna to set out the facts of the claim in any detail in its response. Furthermore, it provided £100 compensation.

Overall, I cannot say that Novuna did anything materially wrong. I appreciate Ms R and Miss C will be disappointed with my decision, but I do not believe I can uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 12 March 2026.

Ivor Graham
Ombudsman