

The complaint

Mrs D has complained that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance ('Novuna') overcharged her interest on fixed sum loan she took out with it to pay for a timeshare.

What happened

On 8 April 2012 Mrs D purchased a timeshare using a fixed sum loan from Novuna (the 'Credit Agreement').

On 28 August 2024 Mrs D using a personal representative (the 'PR') wrote to Novuna complaining about the way interest had been calculated under the Credit Agreement and about the way it was brokered. It has since provided further detailed submissions, but as both parties are aware of the issues at hand, I won't repeat them here.

Novuna issued a final response letter rejecting the complaint. It said the interest rate and APR had been correctly and compliantly stated on the Credit Agreement.

Mrs D then referred the complaint to the Financial Ombudsman Service. An investigator rejected the complaint on its merits.

The PR disagreed with the investigator's assessment and asked an ombudsman to review Mrs D's complaint – which is why it has been passed to me.

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.

Looking at the arguments that have been made in this complaint they are the same as those raised on numerous other complaints where other ombudsmen, including myself have considered them, at length¹, including where the PR has said those arguments are of general application to all of its complaints against Novuna. I do not propose to repeat that detailed reasoning here as both the PR and Novuna are familiar with what other ombudsmen and I have said previously. I will therefore summarise why I am not planning to uphold Mrs D's complaint.

- Novuna has said that it calculated interest 'in advance', in other words it calculated the total interest payable at the start of the loan and it did not calculate the interest on a daily basis while the loan was running. However, had Mrs D made payments to the loan outside of the agreed repayment schedule, Novuna would need to recalculate the total outstanding balance.

¹ 1 www.financial-ombudsman.org.uk/decision/DRN-5704985.pdf and www.financial-ombudsman.org.uk/decision/DRN-5451951.pdf

- I think Novuna worked out the interest rate correctly given the agreed cost of credit (or in the alternative, it correctly worked out the cost of credit given the agreed interest rate).
- Novuna did work out interest in the way that it said it would in the Credit Agreement. It calculated it in advance and provided the figure it had worked out. The monthly repayments were then calculated on the assumption that all payments were made on time, i.e. the overall loan was worked out on the assumed daily outstanding balance.
- The PR said Novuna ought to have worked out an amortisation based on a compounded interest rate of 12.1% per annum, with 180 monthly repayments. However, that is not what Novuna said it would do by calculating the interest in advance. And had it done what the PR suggested it ought to have done, the figures provided for the total amount repayable, monthly repayments and the APR would all have been wrong.
- The Credit Agreement did not give a set formula or algorithm for how interest would be calculated. It gave a description, and I think the method that has been used complied with that description. There is no set definition in the Credit Agreement of '*daily outstanding balance*' that contradicts how Novuna calculated the interest in this case, and I do not find Mrs D was overcharged in the way the PR said she was.
- Even if I were to agree with the PR that Novuna put the wrong interest figure on the Credit Agreement (which I do not), that does not mean Novuna should pay compensation to Mrs D. That is because there is no evidence whatsoever that Mrs D was more interested in the interest rate that she was paying over the monthly payment she agreed to pay, or that she even tried to compare the Credit Agreement with other loans that may have been available to her. And, had that been the case, she would have been able to use the APR in precisely the way intended. In other words, had Novuna said that the interest rate on her loan was 18.9% instead of 12.1%, I think Mrs D would have acted in precisely the same way as she had already agreed to take out the Credit Agreement with the repayment figures made clear to her.

Mrs D's complaint that the credit broker was not authorised

The PR has argued that that the Credit Agreement was arranged by an unauthorised credit broker, the upshot of which is to suggest that Novuna wasn't permitted to enforce the Credit Agreement. However, it looks to me like Mrs D knew, amongst other things, how much she was and repaying each month, who she was borrowing from and that she was borrowing money to pay for Fractional Club membership. So, even if the Credit Agreement was arranged by a broker that didn't have the necessary permission to do so (which I make no formal finding on), I can't see why that led to Mrs D suffering a financial loss. And with that being the case, I'm not persuaded that it would be fair or reasonable to tell Novuna to compensate her even if the loan wasn't arranged properly.

Overall therefore, I've seen no reason why I should uphold the complaint Mrs D has made.

My final decision

For the reasons I've explained above, I do not uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 16 March 2026.

Michael Ball
Ombudsman