

The complaint

Mr W is unhappy with how Mitsubishi HC Capital UK PLC, trading as Novuna Personal Finance ('Novuna') have reported his loan to the Credit Reference Agencies ('CRAs').

What happened

At the end of January 2025 Mr W arranged a fixed sum loan agreement for £44,000 with Novuna. The money was for home improvements.

The loan included a deferral period of six months meaning no payment would be due until six months after the supply of goods or services. The monthly payment would then be £863.92 for 120 months, and total amount payable, including interest, would be £103,670.40.

The loan started on 5 September 2025. If Mr W were to have cleared the loan before six months had passed (so by 5 March 2026) then no interest would be payable.

After the loan started Mr W became aware that the loan was being reported to the CRAs with a current balance of £103,670 as opposed to the £44,000 cash price balance Mr W had expected to be reported. Mr W complained as it was not an accurate representation of what he had borrowed and it was affecting his ability to obtain other credit.

Novuna replied to Mr W's complaint to say they had not done anything wrong given the agreement Mr W had entered into was a type of 'Buy Now Pay Later' agreement. Novuna noted that while Mr W had said his intention was to repay the amount borrowed prior to the first payment becoming due (and so not pay any interest), Novuna could not say this would happen, so until then the total amount due (including interest) was something they had to report to the CRAs.

Our Investigator did not uphold Mr W's complaint. In summary, they said Novuna had not done anything wrong and they had acted fairly as the information being reported was not inaccurate.

Mr W disagreed as he did not think Novuna had met obligations under Consumer Duty to have made clear this is how they would report his loan to the CRAs and how the loan worked, otherwise he would not have gone ahead with it; it was unfair to report a sum that was payable over 10 years (either before or after the deferral period) and he did not accept there was no requirement for Novuna to disclose how they would be reporting the loan prior to taking it out given the potential harm of doing so. Mr W also said this had affected his ability to obtain credit and caused him much upset and inconvenience.

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.

I've only included a summary of what's happened above, and while I may not respond to every point Mr W and Novuna have raised, I have reviewed all the submissions and focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

To reach a fair and reasonable decision I have taken into account any relevant law and regulations, regulator's rules, guidance and standards (including Consumer Duty), codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

For the avoidance of doubt, it is not my role to fine or punish a firm, or to interfere with a firm's systems, processes or controls – these are all considerations for the appropriate regulator. It is also not my role to decide whether a law has been breached as that is something for the court to decide.

At the centre of Mr W's complaint is how his Novuna loan is reported to the CRAs as Mr W does not think this is a fair representation of his financial commitment to Novuna at a given point in time.

I am aware from Mr W's submissions he has referenced the Information Commissioner's Office (ICO) to support his case that the total interest and amount borrowed should not be reported together.

The ICO is the independent regulatory office in charge of upholding information rights in the public interest. The ICO's document *Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies* sets out recognised industry practice for reporting to the CRAs.

As Mr W has noted, the ICO's principles set out that '*A record lodged with a CRA must be a reliable reflection of an individual's credit standing*'. The document also notes that it is expected that data reported on a credit file must be '*fair, accurate, consistent, complete and up to date*'.

Section 2 in the ICO's principles document includes reference to *Current balance* where it says: '*This information relates to the amount owed at a given point in time. It may be made up of a combination of the amount borrowed, interest and charges depending on the terms of the product.*'

While I realise the concerns Mr W has, that is he does not think it fair to report that he owes the total amount of interest and amount borrowed, I have not found anywhere in the ICO's Principles to support that Novuna have done something wrong or acted unfairly by reporting the total amount payable, including interest to the CRAs.

Mr W's agreement with Novuna included a deferral period of six months. This allowed Mr W to be able to repay the £44,000 cash price without incurring any interest if he did so before the six months expired. But the interest was calculated and applied from the start of the agreement. The agreement says: '*Interest at the above Interest Rate has been calculated in advance on the Amount of Credit and applied on the date of the agreement*'.

In the circumstances, it would therefore not have been inaccurate for Novuna to set out the total amount / balance as £103,670 (the cash price, plus interest) during those six months when no payments were being made given this was what Mr W would need to pay back. In short, this would not be an inaccurate or unfair representation to any organisations reviewing Mr W's account as to what he needed to pay back to Novuna.

I understand it was Mr W's intention to clear the loan before the first payment became due and so not incur any interest on the amount borrowed. The first payment date has now passed and it is not clear to me whether Mr W repaid the £44,000 before interest became due. That said, I don't think whether Mr W has cleared the loan in the first six months affects my findings here.

I say this because, as I've said, there is not enough here to persuade me that Novuna have shared inaccurate information about Mr W's account with the CRAs. The amount shared with the CRAs was the total amount that was due to Novuna. And I think, in the circumstances, it would have been unreasonable for Novuna to have reported Mr W's intention to repay the loan in the first six months – there was no certainty that would happen.

I've considered Mr W's concerns that Novuna have not acted in accordance with Consumer Duty. In particular Mr W has referenced the 'understanding pillar' of Consumer Duty as he says had he been presented with clearer information about how the account worked and what would be reported to the CRAs, he would not have gone ahead with the loan. Mr W said that under Consumer Duty Novuna had failed to provide him with a 'good outcome' and failed to 'prevent foreseeable harm'.

The Consumer Duty works alongside the financial regulator's, the Financial Conduct Authority (FCA), Handbook of rules and guidance, and sets out a higher set of standards for firms to follow, but it does not always follow that customers will be able to achieve the outcome they are looking for. And the Consumer Duty does not replace or substitute other applicable rules, guidance or law, so it does not require firms to act in a way that is incompatible with any legal or regulatory requirements.

I have not found anything in the regulatory or legal framework that references Mr W's specific circumstances and which dictates exactly what Novuna should have reported to the CRAs or that Mr W should have been told about how Novuna would specifically report the outstanding balance to the CRAs.

I think it's fair to say Mr W would have been aware his loan with Novuna would have been reported to the CRAs (this is explained in his agreement with Novuna). And having reviewed Mr W's credit agreement, information about the amount borrowed, interest, deferral period, payments and term are all set out so I think it reasonable to say he would have understood when / how interest was calculated, when it became payable and what was due, and when.

The regulator's Handbook refers to these things as information the average consumer is likely to need prior to entering into an agreement of this nature, but there is no requirement that information also be provided on how the loan is reported to the CRAs, so I cannot reasonably find that Novuna have done something wrong here.

In light of the above, I've not seen enough to persuade me to uphold Mr W's complaint. For me to uphold the complaint I would need to find that Novuna have done something wrong or acted unfairly in some way. However, as I've set out above Mr W was provided with information about the borrowing on his loan agreement and he was aware his account would be reported to the CRAs. And it was not inaccurate for Novuna to have reported the balance and interest outstanding – Mr W's total liability to the lender.

Overall, I realise this will come as a disappointment to Mr W, but taking everything into account, in the circumstances, I have not found that Novuna have done something wrong or acted unfairly.

My final decision

For the reasons above, my final decision is that I do not uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 May 2026.

Kristina Mathews
Ombudsman