

The complaint

Mr H complains that Mitsubishi HC Capital UK Plc, trading as Novuna Personal Finance, irresponsibly lent to him.

What happened

Mr H took out a 60-month loan for £13,000 from Novuna in December 2020. The monthly repayments were £236.17.

Mr H says Novuna did not carry out proportionate affordability checks. He has two neurodevelopmental conditions and there were indicators of his vulnerabilities that Novuna should have responded to. The lender also failed to update his credit file in a timely manner.

Our investigator did not uphold Mr H's complaint. He said whilst Novuna's checks were not proportionate there was no evidence to show better checks ought to have led to a different lending decision. There was no evidence of any indicators from the time of application that ought to have made Novuna aware of Mr H's vulnerabilities. And whilst one of the three credit reference agencies had not updated Mr H's file with details of the account defaulting, he could not know why this was. He said the £60 Novuna paid to Mr H as a gesture of goodwill fairly recognised this situation.

Mr H asked for an ombudsman's review. He said whilst he could not provide any more evidence, the loan was not affordable. But his outgoings were split across a number of accounts at the time, and he no longer has access to all of the relevant statements.

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.

Having done so I am not upholding Mr H's complaint. I'll explain why.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr H's case.

I need to decide if Novuna carried out fair and proportionate checks before lending; if not what would better checks most likely have shown; and if it did, was the lending decision it then made fair? Finally, did Novuna act unfairly towards Mr H in some other way?

Novuna asked Mr H for his annual income, employment status and residential status when he applied. It says it verified his income via one of the credit reference agencies, concluding his monthly net income would be £2,287. Based on his marital status it assumed he paid half of the monthly mortgage, so £389. It carried out a credit check that showed he had £400 of debt and monthly credit commitments of £9.90 that he was up to date with. Novuna concluded after these commitments and the repayments for this new loan he would be left with £1,651.73 to cover his other living expenses. It felt this to be reasonable for someone in his circumstances and so gave the loan.

I am not satisfied these checks were proportionate given the value and term of the loan. I think Novuna needed to understand more about Mr H's fixed living costs. In cases like this we review the applicant's bank statements for the three months prior to the lending decision. Mr H has been unable to provide the statements for all the accounts that his living costs were paid from. This means that I cannot know what better checks would likely have shown the lender so I cannot fairly say it was wrong to lend to Mr H. He had very little other debt and no adverse credit history at the time.

Mr H challenged this saying whilst he couldn't provide any other statements, what he has sent doesn't fully reflect his actual monthly expenditure so we have an incomplete picture of his financial position at the time. I accept this maybe the case but where evidence is incomplete, we make our decisions based on the balance of probabilities, and the wider circumstances. Here, Mr H provided estimates of his contribution to the housing and living costs. This totalled £1,020 and the statements he could share showed his actual incomings were on average £1,740 each month. So on balance it seems most likely the loan was affordable and that he would have £474 of disposable income after taking it on.

It follows I do not think Novuna was wrong to lend to Mr H.

Did Novuna treat Mr H unfairly in some other way?

Mr H says it did not pick up on the indicators that he was vulnerable. He has not given any more details about what actions or behaviours were the relevant indicators. And I can find no evidence of anything that happened at the point of application that was a possible indicator of vulnerability that Novuna missed. So, I think the lender's statement in its final response letter *'We had no way of knowing about your various medical conditions at the time you applied, and would only have become aware of them if you'd disclosed this to us.'* to be fair and reasonable in this case.

With regards the default not being recorded by one of the credit reference agencies, there is no evidence available from Novuna to explain why this might have happened. The fact the other two main agencies reported the default in a timely way suggests to me that any error was more likely made by the agency – but I cannot fairly make a conclusive finding on this issue. In these circumstances I find the £60 goodwill payment and the apology for the experience to be a fair recognition of the trouble this caused Mr H.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Novuna lent irresponsibly to Mr H or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr H hoped for. But for the reasons above, I'm not asking Novuna to do anything to put things right.

My final decision

I am not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 May 2026.

Rebecca Connelley

Ombudsman