

The complaint

Mr O complains Mitsubishi HC Capital UK Plc (the “Lender”) has failed to honour a claim under Section 75 of the Consumer Credit Act 1974 (the “CCA”) and has participated in an unfair credit relationship with him under Section 140A of the CCA.

Mr O is represented in his complaint by a professional representative (“PR”).

What happened

I issued a provisional decision on this complaint on 23 March 2026, in which I set out the background to this case, along with my provisional findings. A copy of that provisional decision is appended to, and forms part of, this final decision, so it’s not necessary to go over all the details again. But, to summarise:

- Mr O bought a timeshare from a timeshare provider (the “Supplier”) on 28 December 2017 (the “Time of Sale”), for £15,619. This was financed by a loan of £19,001 from the Lender (the “Credit Agreement”), which also included the consolidation of some existing borrowing from the Lender.
- The timeshare was a type of asset-backed timeshare which entitled Mr O to more than holiday rights. It also entitled him to a share in the proceeds of a property named on his purchase agreement (the “Allocated Property”) after his contract came to an end.
- Mr O defaulted on the Credit Agreement, which was sold to a third-party debt purchaser – “L” – at some point prior to November 2022.
- Mr O later complained, via a professional representative (“PR”), to the Lender about a number of concerns which included misrepresentations by the Supplier giving Mr O a claim against the Lender under Section 75 of the CCA, and matters giving rise to an unfair credit relationship between him and the Lender.
- The Lender rejected the complaint and it was then referred to the Financial Ombudsman Service for an independent assessment.

In my provisional decision I said I didn’t think the complaint should be upheld. The reasons for that can be found in the appended document, but again to summarise:

- The Lender had not been unfair or unreasonable in declining Mr O’s Section 75 claim for misrepresentation because:
 - Some of the alleged misrepresentations were in fact true statements or statements of opinion which there was no evidence to demonstrate were not honestly held.
 - The remaining alleged misrepresentations were too vague and lacking in colour and context to be able to draw a positive conclusion that the Supplier

had made false statements of specific fact to Mr O.

- I considered Mr O's complaint that the Lender had participated in a credit relationship with him that was unfair to him under Section 140A of the CCA, could not be upheld against the Lender. This was because the Lender, having sold the Credit Agreement to L, was not responsible for the fairness of the credit relationship according to the definition of "creditor" relevant to Section 140A. This meant that all the concerns of Mr O's that were alleged to have been matters impacting the fairness of his credit relationship, were bound to be unsuccessful against the Lender except where there was some other basis on which to bring the complaint.
- I identified two matters referred to by Mr O which could be brought against the Lender on grounds other than Section 140A of the CCA. But I didn't think either of these warranted upholding the complaint:
 - While it had been alleged that the Supplier had not held the correct permissions to arrange the Credit Agreement, rendering it unenforceable and warranting compensation, the Supplier had in fact held the correct permissions. A further allegation made by PR that the Supplier's representatives had been self-employed without regulatory permissions in their own right, was not something I considered relevant. Ultimately, the Supplier had arranged the Credit Agreement and it held the right permissions to do so.
 - Mr O had complained the Lender had failed to carry out the right checks before lending to him, meaning it had lent irresponsibly. But, having considered the information the Lender had obtained at the Time of Sale about Mr O's financial circumstances, along with the characteristics and terms of the loan, I thought its checks had been in line with what the relevant regulations had required. Furthermore, I noted evidence had not been provided of Mr O's financial circumstances to demonstrate that the loan had in fact been unaffordable or unsustainable for him from the outset, rather than a later change in his financial circumstances causing him to be unable to repay it.

I asked the parties to the complaint to respond to my provisional decision. PR, on behalf of Mr O, didn't respond. The Lender responded to say that it wanted the Section 140A aspect of the complaint to be considered against it as though it were still the creditor.

The case has now been returned to me to decide.

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've arrived at the same conclusions I reached in my appended provisional decision, and for the same reasons. The only submissions I've received from either party are from the Lender.

The Lender has asked me to consider the complaint as though it were still the creditor, and therefore responsible for the ongoing fairness (or otherwise) of the credit relationship under the Credit Agreement.

It's unclear to me if the Lender disagrees with my conclusion that it is no longer the creditor for the purposes of Section 140A. If it does, then it hasn't advanced any arguments against

that conclusion. The Lender has referred to taking responsibility. It's also not clear what it means by this – for example whether it is referring to something in its commercial arrangements with L, or if it is simply volunteering to take responsibility even though it isn't legally responsible.

To find the Lender responsible for the fairness of the credit relationship in this case would be contrary to my understanding of the Lender's actual responsibility. In the context of this complaint, the law relating to unfair relationships says a court may make an order under Section 140B if it determines a relationship between the creditor and the debtor is unfair within the meaning of Section 140A. Because the Lender is not the creditor for the purposes of Section 140A, I see no reasonable basis on which I could say it is responsible for the fairness of the credit relationship (including in relation to acts or omissions pre-dating the sale of the debt to L).

It follows that my position remains as stated in the provisional decision – that Mr O's complaint under Section 140A against the Lender cannot succeed because the Lender is not the creditor responsible for the fairness of his credit relationship.

As I've received no further submissions relating to any other of the complaint points raised in this case, I see no reason to depart from the findings I reached in the appended provisional decision on those, as outlined above.

My final decision

For the reasons explained above, and in the appended provisional decision, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 May 2026.



Will Culley
Ombudsman

COPY OF PROVISIONAL DECISION

I've considered the relevant information about this complaint.

Having done so, I've arrived at a different set of conclusions to our Investigator, so I'm issuing this provisional decision to give the parties to the complaint an opportunity to provide further submissions before I make my decision final.

The deadline for both parties to provide any further comments or evidence for me to consider is **6 April 2026**. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Mr O, or if he tells me he accepts my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

The complaint

Mr O complains Mitsubishi HC Capital UK Plc (the "Lender") has failed to honour a claim under Section 75 of the Consumer Credit Act 1974 (the "CCA") and has participated in an unfair credit relationship with him under Section 140A of the CCA.

Mr O is represented in his complaint by a professional representative ("PR").

What happened

This complaint relates to a timeshare purchase made by Mr O from a timeshare provider (the "Supplier") on 28 December 2017. This appears to have been Mr O's final purchase from the Supplier, having previously purchased a "Trial" membership. I've outlined the basic details below:

- The purchase made on 28 December 2017 (the "Time of Sale") was of a membership in the Supplier's "Fractional Club". Mr O bought 1,200 points in the Fractional Club, which could be used to book holiday accommodation annually (the "Purchase Agreement"). This type of timeshare was also asset-backed, meaning it included a share in the future sale proceeds of a specific timeshare apartment named on Mr O's purchase paperwork (the "Allocated Property"). The purchase cost £15,619 after the trade-in of Mr O's Trial membership.
- The Supplier arranged a loan (the "Credit Agreement") with the Lender for the £19,001, which included the consolidation of some existing borrowing from the Lender. This was repayable over 180 months at £219.47 per month. Mr O fell behind on his loan repayments and the loan defaulted and was sold to a third-party debt purchaser I will refer to as "L", at some point prior to November 2022.
- In January 2023, through PR, Mr O complained to the Lender, seeking to find it responsible for the Supplier having mis-sold the timeshare and associated loan. The individual mis-selling concerns raised by PR can be found in the table below, but broadly-speaking they included misrepresentations for which Mr O sought to hold the Lender liable under Section 75 of the CCA, and matters which were alleged to have rendered the credit relationship between him and the Lender unfair under Section 140A of the CCA.

The Lender rejected the complaint, which was then referred to the Financial Ombudsman

Service. It was assessed by an Investigator who, having considered the information on file, thought it should be upheld on the grounds that improper selling by the Supplier of the timeshare as an investment, had rendered the credit relationship between Mr O and the Lender, unfair to him.

The Lender disagreed with the Investigator's assessment and asked for an Ombudsman's decision – which is why it was passed to me.

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 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 here.

What I've provisionally 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. And having done that, I do not think this complaint should be upheld.

However, before I explain why, I want to make it clear that my role as an Ombudsman is not to address every single point that has been made to date. Instead, it is to decide what is fair and reasonable in the circumstances of this complaint. So, if I have not commented on, or referred to, something that either party has said, that does not mean I have not considered it.

I think it's also important at this stage to outline very briefly the general grounds on which Mr O seeks redress from the Lender in relation to what are, at least in part, the *Supplier's* alleged wrongdoings as opposed to the Lender's. The grounds are that Mr O has a claim under Section 75 of the CCA, and Section 140A of the CCA.

Section 75 of the CCA gives a person who has purchased goods or services with certain kinds of credit, a right to claim against their lender in respect of any breach of contract or misrepresentation on the part of the supplier of those goods or services. This is subject to certain technical conditions being met, which I am satisfied have been met in this case.

Section 140A of the CCA operates in a more complex manner. Section 140A of the CCA says that a court may determine that the credit relationship between a debtor and a creditor is unfair to the debtor, and make an order under Section 140B of the CCA if it determines that the credit relationship is unfair in this way. There are a great many things that could, potentially, lead to unfairness in a credit relationship.

Under Section 140C of the CCA, which sets out how the preceding sections should be interpreted, Mr O would be defined as the debtor, and the creditor is defined as "*the person to whom [the lender's] rights and duties under the agreement have passed by assignment or operation of law.*"

This is very relevant to Mr O's case, because the Credit Agreement was assigned to L following the difficulties he had making his repayments. This means the Lender is no longer the "creditor" for the purposes of Section 140A, and further means a successful claim cannot

be brought under Section 140A against the Lender by Mr O, because the Lender is no longer the creditor responsible for the fairness of the credit relationship. This unfortunately prevents him from bringing substantial parts of his complaint against the Lender, including the part which our Investigator thought meant the complaint should have been upheld overall.

In the interests of efficiency and ease of reading, I have set out my findings in a table format. Where a particular finding requires further explanation or analysis, I have indicated this and provided the further explanation below the table.

Table of Summarised Findings

Section 75 - Misrepresentations	Reason why this complaint doesn't succeed
It was falsely represented that the product was an investment that would "considerably appreciate in value".	There's insufficient persuasive evidence this was said. If it was said, it would not be untrue to describe the product as an investment as it contained investment features. Any statements regarding future value are likely to have been statements of honest opinion in the absence of evidence to show otherwise.
It was falsely represented that there would be a considerable return on investment because the purchase involved a share in a property that would increase in value.	As per the point above, there is insufficient persuasive evidence these representations were made. If they were, there's insufficient evidence they were anything other than statements of honest opinion.
It was falsely represented that the Fractional Club membership could be sold back to the Supplier or easily to third parties at a profit.	There's very little colour or context to this allegation, meaning it's difficult to conclude the Supplier represented this to be the case. Mr O also signed to say he understood the Supplier would not buy back the membership.
It was falsely represented that Mr O would have access to "the holiday apartment" at any time all year round.	This is a vague allegation which also lacks sufficient detail, context or colour to demonstrate the Supplier made such statements.
Matters allegedly rendering the credit relationship unfair	Reason why this complaint doesn't succeed
Mr O was pressured into making the purchase.	For the reasons explained earlier in this decision, the Lender is no longer the creditor, and a claim that the credit relationship was unfair can no longer be made against it successfully as a result.
The Lender failed to carry out the creditworthiness/affordability checks required by industry guidance or regulations.	The Lender is no longer the creditor, and a claim that the credit relationship was unfair can no longer be made against it successfully as a result. This part of the complaint could be reframed as a failure by the Lender to lend responsibly in accordance with its regulatory duties. But this would not be successful because Mr O hasn't provided evidence the Credit Agreement was

	unaffordable from the outset. See further explanation below.
The Credit Agreement was arranged by an unauthorised credit broker or was arranged by self-employed individuals who did not have their own regulatory authorisations, meaning it was unenforceable and warranting compensation.	The Lender is no longer the creditor, and a claim that the credit relationship was unfair can no longer be made against it successfully as a result. This part of the complaint could be reframed as a different kind of claim not reliant on Section 140A, but it appears the entity which arranged the Credit Agreement held the relevant permissions from the Financial Conduct Authority at the relevant time, so the agreement was not arranged by an unauthorised credit broker. The employment status of the individuals involved isn't relevant.
The Purchase Agreement contained terms which were unfair to Mr O, including terms allowing the Supplier to repossess the timeshare for minor breaches.	The Lender is no longer the creditor, and a claim that the credit relationship was unfair can no longer be made against it successfully as a result.
The Supplier marketed and sold the membership as an investment in breach of Regulation 14(3) of the Timeshare Regulations.	The Lender is no longer the creditor, and a claim that the credit relationship was unfair can no longer be made against it successfully as a result.

I'll now set out the expanded reasons for my decision relating to the allegation that the Lender failed to carry out the checks it should have done before lending to Mr O.

The Lender's affordability checks

At the time of Mr O's application for the Credit Agreement, the Lender was required to lend responsibly. What this means in simple terms, is that the Lender needed to carry out proportionate checks into Mr O's ability to make his loan repayments in a sustainable manner, and not to agree to the loan if those proportionate checks showed that Mr O would be *unable* to make his repayments in a sustainable manner.

While there was no specific list of checks the Lender had to undertake, the level of thoroughness (proportionality) of the checks needed to take into account what the Lender already knew, and the characteristics of the lending being proposed.

In this case, it appears the Lender took into account Mr O's loan application form along with the results of a credit check, which involved considering Mr O's credit commitments as well as a verification of the income he had stated on his application form – which was £50,000 per year.

Having considered the characteristics of the lending as well as what the Lender was able to find out from the loan application and its credit check, I think its checks were likely to have been proportionate. While the loan was fairly large and had a long repayment term, the repayments were low relative to Mr O's declared income (which the Lender had been able to verify), and his other credit commitments were also relatively low.

In the circumstances, I don't think the Lender needed to carry out further checks before lending to Mr O. But even if it had, Mr O would have needed to have been able to show that, based on the checks the Lender *ought* to have carried out, the loan would have appeared to have been not sustainably affordable for him. While it's apparent that Mr O had difficulties repaying the loan later on, we've not seen any evidence from him of his financial situation at the time he applied for the Credit Agreement, and it seems that his repayment difficulties stemmed from changed in his financial circumstances rather than an inability to afford the repayments from the outset. So I don't think this part of his complaint succeeds based on the evidence available, were it reframed in a way which doesn't rely on Section 140A of the CCA.

My provisional decision

For the reasons explained above, I am not minded to uphold this complaint.

Will Culley
Ombudsman