

## The complaint

Mr C complains about the method of payment for end of contract charges, in relation to a car that was supplied through a hire agreement with Mitsubishi HC Capital UK PLC trading as Novuna Consumer Finance (Novuna).

## What happened

In March 2019 Mr C acquired a car through a hire agreement with Novuna. The agreement was over a period of 48 months.

In the complaint that he raised to our service Mr C said that he owes £2,622.28 as a final payment for his hire agreement with Novuna. Mr C said the payment is relating to the end of contract charges.

Mr C said he was told by Novuna that they couldn't accept payment by credit card. Mr C complained that he was never told about that. He said he had the means to pay by credit card and didn't want to enter into a payment arrangement as he feared it would impact his credit file.

To settle the complaint Mr C said Novuna should change their processes to ensure the information about making payments are made clear to consumers. And Novuna should allow him the opportunity to make his payment by credit card, particularly as he has the opportunity to receive a beneficial rate of interest on it.

Mr C also said he expects to receive some compensation for the distress that's been caused to him.

On 2 April 2024 Novuna issued their final response to Mr C's complaint which they didn't uphold. In it they explained that the decision was taken by their card payment company to avoid customers paying a debt with another form of debt. Novuna confirmed the current balance to settle the agreement was £2,622.28

Unhappy with their decision, Mr C brought his complaint to our service for investigation.

Having reviewed all the information provided, one of our investigators recommended that Mr C's complaint should not be upheld. The investigator concluded that Novuna had acted fairly in the circumstances, and so didn't need to take any action.

Mr C didn't agree with the investigator's view. He responded to say the impact of a payment plan would be more impactful than paying the entire amount on his credit card. And he felt Novuna had a responsibility to inform their customers of any change in their policy relating to making payments.

The investigator responded to Mr C to say his opinion hadn't changed and so Mr C asked that his complaint be referred to an ombudsman for a final 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr C complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr C's complaint about Novuna.

My starting point is that Mr C has a balance of £2,622.28 to pay to settle the end of contract charges on his hire agreement. Mr C confirmed this in a complaint email to us and Novuna confirmed this in their final response to Mr C's complaint.

What appears to be in dispute is the method in which Mr C is able to make that payment.

Having reviewed the terms of the agreement I couldn't see that it specifically comments on payment types that are not acceptable in relation to settling end of contract charges. However, I'm not persuaded it's unreasonable that Novuna didn't publish or proactively inform Mr C about the payment methods that are unacceptable for settling end of contract charges.

In their final response, Novuna explained that their card company had stopped them from accepting payment via credit card. I've no evidence of this but have no reason to doubt what Novuna have said here, I also don't consider this action to be unusual. Novuna said the reason for not allowing the payment type was it allowed customers to pay a debt with another form of debt. They also presented other methods that Mr C could use to pay the balance.

The Consumer Credit Sourcebook (CONC), which can be found within the Financial Conduct Authority's (FCA) handbook, says that a business must ensure that a communication or a financial promotion is clear, fair, and not misleading.

CONC 3.3.1 provides some examples which include ensuring that communication is clearly identifiable, is accurate and presented in a way that is likely to be understood, or that does not disguise, omit, diminish or obscure important information.

I've not seen any evidence of the conversations that would likely have taken place prior to Mr C entering into the agreement, in addition, I haven't seen any evidence of, nor has Mr C told us that the ability to repay any settlement by credit card was an important feature to him, or that it was important he knew what methods weren't acceptable. So, I don't consider that Novuna has acted unfairly by not highlighting or bringing to Mr C's attention something they wouldn't have reasonably known was important to him.

In an email to the investigator, Mr C said that from a vulnerable consumer perspective, entering into a payment plan would be more impactful, however I don't necessarily agree with he's said here. I acknowledge Mr C's main concern is how this may be reflected on his credit file, however, dependent on the nature of a customer's vulnerability, and the particular circumstances or scenario, a repayment plan to settle an outstanding balance may sometimes be the most suitable option.

I've seen no evidence that Mr C had made Novuna aware of any specific vulnerabilities that he may have, so I'm not persuaded Novuna have acted or treated Mr C unfairly in this regard, for example in failing to make any reasonable adjustments.

I acknowledge the attraction with being able to transfer debt to a facility that offers a beneficial repayment interest rate. However, all things considered; I don't think Novuna have acted unfairly by applying rules that were imposed on them by their card company. Nor do I think they treated Mr C unfairly by not informing him sooner that he wasn't able to settle his end of contract charges using a credit card.

As I've concluded that Novuna have acted fairly in how they've treated Mr C, I don't require them to take any action in respect of this complaint. I leave it to Mr C to discuss with Novuna the repayment options available to him.

### **My final decision**

Having thought about everything above along with what is fair and reasonable in the circumstances I don't uphold Mr C's complaint against Mitsubishi HC Capital UK PLC trading as Novuna Consumer Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 June 2024.

Benjamin John  
**Ombudsman**