

The complaint

Mr C complains about a fixed sum loan agreement with Mitsubishi HC Capital UK plc, trading as Novuna Personal Finance, that he used to pay for some fitted furniture.

What happened

Mr C entered into a fixed sum loan agreement with a lender that it now known as Novuna Personal Finance in May 2018 to pay for some fitted furniture. The price of the furniture was £5,071, he made an advance payment of £1,267 so the amount of credit was £3,804 and he agreed to make 120 monthly payments of £81.79 to the lender, commencing twelve months after the date of supply.

Mr C signed the lender's customer satisfaction note in July 2018 to confirm that the furniture was to his complete satisfaction and the lender then sent a welcome letter to Mr C which said that his payments would start in July 2019. The letter also said: *"If you pay the full Amount of Credit of £3804.00 on or before this date you will not pay any interest. However, you may have to pay a £29 charge depending on the terms of your agreement. The full interest is payable if you do not pay £3804.00 on or before the end of your Deferral Period which includes all interest accrued during the Deferral Period"*. Mr C didn't repay the £3,804 during the deferral period so monthly payments of £81.79 were collected from him by direct debit.

Mr C complained to Novuna Personal Finance in May 2024 and said that the total amount that he had to pay to the lender was £3,803.25 but he'd paid £5,888.88 so it had been overcharging him and he asked it to refund £2,085.63 (with interest) to him. He also said that he'd cancelled his direct debit. Novuna Personal Finance confirmed that, after reviewing Mr C's loan agreement, no refund was owed to him and that it was unable to uphold his complaint.

Mr C wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld as she didn't think that Novuna Personal Finance had been unreasonable or acted unfairly.

Mr C didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says that he didn't know that he had a debt so didn't know that he needed to review annual statements, the supplier told him it was interest free and the interest was buried in small print that he missed as he wasn't expecting it. He says that Novuna Personal Finance failed in its obligation to keep him informed and send him 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.

Mr C electronically signed the fixed sum loan agreement in May 2018 to pay for some fitted

furniture and he signed the lender's customer satisfaction form in July 2018 to confirm that the furniture was to his satisfaction. The lender then e-mailed its welcome letter to Mr C. The loan agreement clearly set out the amount of credit, the total charge for credit, the total amount payable, the interest, the number and amount of repayments, and the deferred first payment date. The welcome letter clearly set out the term of the loan agreement, the number and amount of the monthly payments and the start date for payments, and it also explained the deferral period to Mr C.

Mr C didn't repay the credit of £3,804 during the deferral period and the lender sent him an e-mail in June 2019 to remind him that the deferral period was ending and that, if the credit wasn't repaid before the end of that period, it would collect the first payment of £81.79 in July 2019 by direct debit. Mr C says that he just received one letter from the lender after one year and that he accepts that he missed the deferral letter that triggered the interest payment.

Mr C ordered the fitted furniture, but didn't pay for it at that time, he electronically signed the loan agreement, he signed the lender's customer satisfaction form, the welcome letter was e-mailed to him and he accepts that the deferral letter was sent to him. I consider that Mr C would have known, or ought reasonably to have known, that he'd agreed to pay for the furniture using a loan and that interest on the loan was deferred for a year.

Mr C had agreed to make 120 monthly payments of £81.79 to the lender, commencing twelve months after the date of supply, and the lender started collecting those monthly payments by direct debit in July 2019. I consider that it would be reasonable to expect Mr C to have been aware that payments of £81.79 were being made to the lender from his bank account each month from July 2019 but I've seen no evidence to show that Mr C contacted the lender about his payments or the loan agreement until he phoned Novuna Personal Finance in May 2024.

The lender sent annual statements to Mr C in July each year from 2019 to 2023. Those annual statements were addressed to Mr C using the address that he'd provided to it and which was included on the loan agreement and Novuna Personal Finance's customer contact records show that they were printed and sent to Mr C. I consider it to be more likely than not that the annual statements were sent to Mr C, even if they weren't received by him, and that in sending them to the address that Mr C had provided it had fulfilled the obligation to send the annual statements to him. I've seen that the address that Mr C has provided to this service in connection with his complaint is different to the address that he'd provided to the lender and I've seen no evidence to show that he notified the lender about a change of address.

I consider that the lender has acted in accordance with the terms of the loan agreement and I'm not persuaded that there's enough evidence to show that it's acted incorrectly in its dealings with Mr C about the loan agreement or that Mr C has been charged more interest than had been agreed in the loan agreement. Mr C has now repaid the loan. I appreciate that this will be disappointing for Mr C, but I find that it wouldn't be fair or reasonable in these circumstances for me to require Novuna Personal Finance to refund any interest to him or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 December 2024.

Jarrod Hastings
Ombudsman