

The complaint

Mr W complains that a car that was supplied to him under a hire purchase agreement with Northridge Finance Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mr W under a hire purchase agreement with Northridge Finance in October 2017. He returned the car to the dealer and other manufacturer's dealers and garages for repairs. Those repairs included the slave cylinder, pipe and elbow being replaced in July 2018, the master cylinder being replaced in November 2018 and the oil pump and timing chain being replaced in August 2019 – all under a warranty. There were also two recalls for the car relating to the clutch and brake systems, which led to parts being replaced, in December 2018 and March 2019.

Mr W complained to the motor ombudsman about the car but it didn't uphold his complaint and said, in April 2020, that it was unable to find that the fault currently experienced was likely caused by poor workmanship or materials used during the manufacturing process. He then complained to Northridge Finance in July 2020 and said that he wanted to reject the car. It said that it was confident that the car conformed to contract, thus fulfilling its contractual obligations to Mr W.

He wasn't satisfied with its response so complained to this service. He part-exchanged the car in August 2020 and the hire purchase agreement was settled. Our investigator recommended that his complaint should be upheld. He thought that the car wasn't of satisfactory quality when it was supplied to Mr W and that it wasn't reasonably durable. He recommended that Northridge Finance should: pay £300 to Mr W for the number of times he'd been inconvenienced with repairs and time without the car; end the agreement to reflect rejection of the goods from the date of settlement of the finance; return the deposit (if there was any after the part exchange of Mr W's car), with interest; and pay Mr W the sum of negative equity (subject to him evidencing it). He said that Northridge Finance should keep all monthly payments as it's clear Mr W was still able to cover significant mileage despite the ongoing faults.

Northridge Finance has asked for this complaint to be considered by an ombudsman. It says, in summary, that:

- the car was supplied to Mr W in 27 October 2017;
- he first sought to reject it in July 2020, despite being aware of an issue since July 2018 – if his intention was to reject the car, he should have sought that in July 2018, not over two years later;
- Mr W complained to the motor ombudsman but it didn't support the rejection of the car or that it should be repaired;
- if Mr W had sought to reject the car at any time through the dealer, it would have directed him to Northridge Finance;

- Mr W entered into various agreements (unbeknown to Northridge Finance) to repair the car prior to contacting it;
- it denies that it can be held liable for the repair attempts, save for material evidence supporting the view (which it denies) that the issues were related to the quality of the car supplied and, if the repairs weren't completed to a satisfactory standard, he may have had a claim against the party he contracted to complete the repairs;
- it seems that Mr W has sought to reject the car in light of the previous repair attempts, repairs that it wasn't involved with nor made aware of until years afterwards; and
- it being deemed liable is neither fair nor reasonable.

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.

Northridge Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr W. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will also depend on a number of factors.

The car that was supplied to Mr W was one year old, had been driven for 9,687 miles and had a price of £13,847.99. Mr W has listed the faults that he's had with the car as follows:

- various braking errors;
- brake lights constantly on;
- clutch pedal vibration;
- clutch pedal dropping;
- clutch pedal sticking;
- clutch making a loud knocking noise;
- full loss of engine power whilst driving;
- engine violently jumping;
- engine cutting out whilst driving;
- alarm constantly going off;
- media screen failure;
- various warning lights on the dashboard;
- speakers failure;
- low battery warning;
- oil pressure low warning;
- lane assist failure;
- automatic braking system failure;
- smoke coming from the engine;
- engine not starting; and

- engine jumping and cutting out when started.

The dealer's job cards show that the slave cylinder, pipe and elbow were replaced in July 2018, the master cylinder was replaced in November 2018 and the oil pump and timing chain were replaced in August 2019 – all under a warranty. There were also two recalls for the car relating to the clutch and brake systems, which led to parts being replaced, in December 2018 and March 2019.

Mr W complained to the motor ombudsman about the car but it said that it was: “... *unable to find that the fault currently experienced is likely caused by poor workmanship or materials used during the manufacturing process*”; but that complaint was made about the manufacturer and he says that he was then advised by a citizens advice bureau to complain to Northridge Finance.

When it rejected his complaint he complained to this service and he also part-exchanged the car and the hire purchase agreement was settled. The sales invoice shows that the car was given a part-exchange value of £6,650 in August 2020 when it's mileage was 47,095 and that the hire purchase settlement was £7,791.67 – a difference of £1,141.67.

I consider this to be a finely balanced complaint because Mr W has clearly had significant issues with the car but some repairs have been made under warranty and many of the faults have been dealt with. He was able to use the car to drive about 38,000 miles in the two years and ten months that he had the car – but the car was only a year old when it was supplied to him and its mileage at that time was only 9,687 so I consider that it was reasonable for him to expect that there wouldn't be any issues with the car.

Having considered all of the evidence, I don't consider it to be reasonable to expect a car of this age and mileage to have so many issues in the time that Mr W had it. I agree with our investigator that it's more likely than not that the car wasn't as durable as it was reasonable for Mr W to expect it to be - and for that reason that it wasn't of satisfactory quality when it was supplied to him.

I consider that Northridge Finance should have allowed Mr W to reject the car when he complained to it. It didn't so and Mr W then part-exchanged the car and his hire purchase agreement has been settled so I don't consider that Northridge Finance needs to take any action about ending the agreement. The agreement shows that a part-exchange value of £3.07 was made as an advance payment. The invoice for the car shows that there was a difference of £3.07 between the value of the car that Mr W part-exchanged, which was £11,250, and the hire purchase settlement of £11,246.93. I'm not persuaded that Northridge Finance should be required to refund the £3.07 to Mr W but I consider that it should take the actions described below.

Putting things right

I find that Northridge Finance should pay £1,141.67 to Mr W to reimburse him for the difference between the value of the car when it was part-exchanged in August 2020 and the hire purchase settlement made at that time.

Mr W was able to use the car for much of the time that he had it – and he drove about 38,000 miles in it. I'm not persuaded that it would be fair or reasonable for me to require Northridge Finance to refund any of the monthly payments that Mr W made under the agreement. I consider that it's fair and reasonable for it to keep them as payment for the use that he's had from the car.

These events have clearly caused distress and inconvenience for Mr M. I find that it would be fair and reasonable for Northridge Finance to pay him £300 to compensate him for that distress and inconvenience.

My final decision

My decision is that I uphold Mr W's complaint and I order Northridge Finance Limited to:

1. Pay him £1,141.67 to reimburse him for the difference between the value of the car when it was part-exchanged in August 2020 and the hire purchase settlement made at that time.
2. Pay £300 to Mr W to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 July 2021.

Jarrold Hastings

Ombudsman