

The complaint

Mrs B complains about a car supplied to her under a hire purchase agreement with N.I.I.B. Group Limited ("Northridge").

What happened

I described the background to this case, and explained my initial findings on it, in a provisional decision I issued on 28 May 2021. Rather than reproduce that provisional decision in full here, I will summarise its key points:

- Mrs B had entered a hire purchase agreement with Northridge on 28 March 2019 for a three year old car with 22,000 miles on the odometer.
- Due to the Consumer Rights Act 2015, Northridge had a responsibility to Mrs B to supply her a car which was of satisfactory quality. If the car was not of satisfactory quality, and was still not of satisfactory quality after an attempted repair, Mrs B would have the right to reject it.
- The car had had various issues which meant it was not of satisfactory quality, some of which were fixed by the dealership, "A". However, in July 2019 it had become apparent after earlier issues had been fixed, that one of the rear seat locking mechanisms was broken. Whether this meant the car was still not of satisfactory quality was disputed. It was suggested Mrs B must have broken it herself. I concluded it was most likely the mechanism had failed during normal use, that it wasn't acceptable for this to fail so soon on a car of this age and mileage, and that it meant the car was not of satisfactory quality as supplied.
- I concluded Mrs B should be able to reject the car. I noted she had continued to use it, although her usage of it had been to some degree impaired by the unsecure rear seat. She had also not been required to make repayments due to the extension of what had originally been intended as a repayment holiday. I considered the fact she had kept the vehicle insured with no certainty as to how long it would have to remain in her possession, and there was the possibility of her now incurring cancellation fees from her insurer so she could swap cars. I also took into account the fact she hadn't benefited from a service/MOT plan and warranty which had been included with the finance agreement, and that she had experienced inconvenience and frustration as a result of the car's faults. In the end I said I was minded to direct Northridge to do the following:
 - End the hire purchase agreement and collect the car at no cost to Mrs B.
 - Remove from the agreement the £219 and £485 "extras" and recalculate the monthly repayments without them present.
 - Cap Mrs B's liability under the agreement to 90% of the total of her monthly repayments (as recalculated above) which would have been due as of the date the car is collected, minus the value of any cash deposit and/or part

exchange. As Mrs B has put money aside she should be in a position to pay any balance promptly, but if her situation has changed then an affordable arrangement to pay the remaining balance should be arranged.

- Pay Mrs B £250 compensation.
- Reimburse Mrs B's reasonable costs in cancelling her car insurance if evidence of payment is provided.
- Remove any adverse information in relation to the hire purchase agreement from Mrs B's credit file.

I asked both parties to the complaint to reply to my provisional decision. Northridge replied to say it would accept the provisional decision. Mrs B accepted it in part, but put forward a number of points she wanted me to consider. She also provided evidence relating to her insurance cancellation costs, and offered to evidence her £300 cash deposit. I won't list all of her points although I have considered them; I will instead summarise the areas of disagreement Mrs B has expressed:

- She had not had substantial use of the car as I had suggested. She hadn't been able to use it to pick up her grandson each week, or take out her family. In short, she hadn't been able to use it for social or leisure purposes. Her mileage had increased significantly, but this was because her mother's health had declined and as a result she was needing to visit her daily to provide support. This was a 20 mile round trip that would take four hours by public transport. In light of this my intended award of a 10% discount on her monthly payments was unfair.
- She had never asked Northridge to stop taking payments. That had been their decision, and she would like the first three payments they had not taken to be removed from the equation.
- £250 compensation did not fairly reflect the history of what had happened. Almost a year had passed since the amount had been recommended and there had been numerous hold-ups which had been attributable to Northridge.

Mrs B also expressed concern that she would be left without a car as she would need to give the car back but also pay back Northridge, as well as try to source a replacement vehicle at the same time. Mrs B was also concerned about how long it would take to update her credit file, the collection arrangements for the car, and wanted it noted that A had originally looked at the rear seat in July 2019 and said there would be a charge to repair it, and Northridge had insisted a second inspection was needed when this wasn't true.

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 my provisional decision I referred to the large amount of correspondence which had been generated in relation to the complaint and noted that I did not propose to narrate everything that had happened. I instead summarised, excluding any detail which I didn't think was necessary to understand broadly what had happened, or germane to the question of whether or not Mrs B should be able to reject the car. As a result, I didn't refer to the dispute between Mrs B and A over potential charges for repairs to the seat. Nor did I refer to Northridge's request for an inspection by an independent third party.

Having reviewed those matters again, I note Mrs B's been consistent in her account of events about taking the car to A in July 2019 and being told there would be a charge to repair the seat. It appears there is no paper trail for the July 2019 inspection, but A thinks it could have told Mrs B that she could be charged either for a diagnostic or repair. Ultimately, it's unclear what happened and although it is relevant to the issue of the breakdown of Mrs B and A's relationship, I am not deciding a complaint about A, and I don't see its relevance to the question of whether Mrs B can reject the car. I therefore make no finding on it. On the question of Northridge's request for another inspection, the motive behind this appears to have been to determine what faults were present and whether they made the car of unsatisfactory quality, by seeking the opinion of an independent third party. Evidence was limited at this point and it doesn't seem to have been an unreasonable request. I note Northridge covered the cost involved.

Turning to the question of Mrs B's usage of the car, I accept that her family circumstances meant that she ended up using it much more than she had perhaps expected to, out of necessity. She did not get to use it for the enjoyable family activities she had anticipated.

Nevertheless, there is always a cost associated with travel, whether that is paying for train or bus tickets, taxis, or for the payments on a car finance agreement. And there will be a cost regardless of one's reason for travelling. Mrs B had covered around 18,000 miles in the car between March 2019 and the end of April 2021, and I remain of the view that this means it is right that she pays for the months she has used it. I said in my provisional decision that the discount of 10% reflected the impact on the usability of the car. By this I mean that the fact one of the rear seats could not be used safely, to some extent limited the range of uses to which the vehicle could be put. But I don't think this would have prevented it from being used for most things one would use a car for, and I remain of the view that a discount of 10% is fair in the circumstances. For the same reasons, I don't think it's appropriate to direct Northridge to write off the first three payments it hadn't taken.

Regarding the amount of compensation, this was for Mrs B's inconvenience and frustration in relation to the matter. In particular, having to go back and forth over the faults and continuing to fight her case with Northridge which was resisting rejection of the car. However, I cannot see that Northridge has caused delays since July 2020, which is when it rejected our investigator's assessment of the case and asked for it to be reviewed by an ombudsman. I remain of the view that £250 compensation is a reasonable amount of compensation in the circumstances in respect of Northridge's failings.

Putting things right

My directions to Northridge are therefore the same as they were in my provisional decision. That is that I direct it to:

- End the hire purchase agreement and collect the car at no cost to Mrs B.
- Remove from the agreement the £219 and £485 "extras" and recalculate the monthly repayments without them present.
- Cap Mrs B's liability under the agreement to 90% of the total of her monthly repayments (as recalculated above) which would have been due as of the date the car is collected, minus the value of any cash deposit and/or part exchange. If Mrs B is not in a position to pay promptly then an affordable arrangement to pay the remaining balance should be arranged. I note that, as Mrs B has said, Northridge has chosen not to take payments for an extended period and should therefore be flexible when considering what the repayment arrangements should look like.

- Pay Mrs B £250 compensation.
- Reimburse Mrs B's reasonable costs in cancelling her car insurance (our investigator can provide the details).
- Promptly remove any adverse information in relation to the hire purchase agreement from Mrs B's credit file.

Mrs B is worried that the redress arrangements will leave her without a car to visit her mother, for a period of time. I've mentioned that Northridge should be flexible, and an example of this could include allowing Mrs B to pay some of what she owes now, and the rest by instalments, so she has a deposit for a replacement vehicle. So long as Mrs B keeps to any arrangement agreed between them, no negative credit file information should be reported by Northridge.

Mrs B was also concerned that it would take a long time for negative information to be removed from her credit file, and that having someone turn up at her house to collect the car could make it look like it was being repossessed.

Northridge should of course ensure any necessary updates are made to Mrs B's credit file promptly. It is a normal practice within the motor finance industry to have end of contract collections take place at a consumer's home, so I don't see a problem with this. However, an alternative would be for the collection to take place at a mutually agreeable location (car dealerships are common sites for collection, for example). But I leave it up to Mrs B and Northridge to agree on a collection location – I make no directions in respect of this.

My final decision

I uphold Mrs B's complaint and direct N.I.I.B. Group Limited to take the actions outlined in the "putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 July 2021.

Will Culley
Ombudsman