

The complaint

Mr M complains that a car acquired with finance from Northridge Finance Limited wasn't of satisfactory quality.

What happened

In July 2020 Mr M was supplied with a car and entered into a hire purchase agreement with NFL. At the point of supply the car was around 3 years old and had covered around 20,800 miles.

In May 2021 Mr M experienced issues with the car losing power. The car was diagnosed with poor compression and Mr M was advised that a new engine was needed.

Mr M complained to NFL. In response, it said that because the engine had failed around a year from the point of supply, and because the engine had been functional in February 2021 when the car had passed a MOT, it was up to Mr M to prove that the fault was present at the point of supply.

Mr M was unhappy with the response and complained to this service.

Our investigator upheld the complaint. He said he didn't think a reasonable person would expect an engine to fail in a car of this age and mileage and said it wasn't durable and that Mr M should be allowed to reject the car.

NFL didn't agree. It said that a used car which had covered several thousand miles in the 10 months since the point of supply was sufficiently durable, and that neither the AA nor the RAC had determined that the fault with the engine was present at the point of supply.

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.

The Consumer Rights Act 2015 is relevant to this complaint. This says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable taking into account factors such as the age and mileage of the car and the price paid. The quality of the goods includes their general state and condition, and other things including fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

Based on what I've seen, I'm satisfied that there's a fault with the car. This is because the supplying dealer has diagnosed engine failure.

I've looked at the available evidence to determine whether the car was of satisfactory quality when supplied.

The fault occurred in May 2021, around 10 months after the point of supply. This is relevant, because the Consumer Rights Act says that where a fault occurs after the first 6 months, it's

up to the consumer to show that the car wasn't of satisfactory quality at the point of supply.

An independent engineer's report can help to determine whether a car was of satisfactory quality at the point of supply. There's no report in this case. The two companies who Mr M approached for a report told him that they wouldn't be able to say whether the fault was present at the point of supply.

The garage who ran a diagnostic check when the car was towed to them in June 2021 stated that they would need to strip the engine for further investigation. Mr M was quoted £500 for this, which he couldn't afford.

There's no engineering evidence which addresses whether the fault would have been present at the point of supply. So, I can't safely conclude that there was a fault at the point of supply. But I also need to consider whether the car was sufficiently durable, because durability is an aspect of satisfactory quality.

Durability means that the car should be fault free for a reasonable period of time, taking into account the age and mileage of the car, and the length of time and mileage covered since the point of supply.

When the car was supplied it was around 3 years old and had covered around 20,800 miles. The engine failed when the car was around 4 years old and had covered around 30,000 miles. The car had only covered around 9000 miles since the point of supply, which is average mileage. There's nothing to suggest that excessive mileage has contributed to the engine failure.

I've taken into account the point that NFI has made about the car passing a MOT in February 2021. However, this of itself doesn't mean that there wasn't a fault with the engine. I don't think a reasonable person would expect an engine to fail on a car of this age and mileage.

There's nothing to suggest that the engine failure was caused by external factors such as a lack of servicing. I can see that Mr M had the car serviced in February 2021. Taking everything into account, in my view, the engine has failed prematurely. I don't think the car was sufficiently durable, which means that it wasn't of satisfactory quality.

Putting things right

To put things right NFL should allow Mr M to reject the car. I don't think repair is a reasonably remedy here because of the likely cost of a replacement engine. Further, I'm satisfied that the dealership has been given a reasonable opportunity to repair the car when it was returned to them in May 2021.

Mr M hasn't been able to use the car since 22 May 2021. I don't think its reasonable to expect Mr M to make payments for a car he's unable to use, so I'm asking NFL to refund all payments made by Mr M since that date.

It's clear that Mr M has been caused a significant degree of distress and inconvenience as a result of being supplied with a car which wasn't of satisfactory quality. He's had to purchase another car. At the same time, he's had to continue to insure the faulty car. I think it's fair to ask NFL to pay compensation to Mr M to reflect the inconvenience caused, and to refund the insurance premiums.

My final decision

My final decision is that I uphold the complaint. Northridge Finance Limited must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Mr M

Refund the deposit/part exchange contribution of £1550

Refund all payments made since 22 May 2021

Refund £150 insurance premium

Pay 8% simple interest on all amounts refunded from the date of payment to the date of settlement

Pay £250 compensation for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 July 2022.

Emma Davy
Ombudsman