

## **The complaint**

Mr Q complains about the quality of a car he has been financing through an agreement with N.I.I.B. Group Limited, trading as Northridge Finance, (who I'll call "Northridge").

## **What happened**

Mr Q took receipt of a used car in March 2020. He financed the deal through a hire purchase agreement with Northridge. When supplied the car was about four years old and had completed about 18,000 miles.

Mr Q had issues with the oil level in the car and eventually, in January 2022, the engine failed.

An independent inspection was completed in July 2022 and the inspector thought the fault had most likely been developing since the car was supplied to Mr Q. The inspector therefore considered the business to be responsible for costs.

The car was repaired by the dealership in October 2022, they replaced the engine and Mr Q has confirmed it's been working well since that repair.

Our investigator didn't think the car had been of satisfactory quality. He didn't think the delay in getting it repaired was Mr Q's fault and he suggested Northridge should therefore refund the finance instalments Mr Q had paid whilst the car had been awaiting repair, refund the cost of the independent inspection Mr Q had commissioned, and pay Mr Q £200 in respect of the distress and inconvenience he'd experienced.

Northridge agreed to pay Mr Q the £200 and to refund the cost of the report. But they didn't think it was fair to refund all the instalments whilst the car was awaiting repair. They said the dealership had always been prepared to investigate the fault and that the delay was due to Mr Q wanting to take third party advice. They said they were prepared to refund two monthly instalments but were not prepared to refund all of the instalments the investigator had suggested.

As Northridge didn't agree with the investigator's view the complaint has been referred for a decision by an ombudsman.

## **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.

I know it will disappoint Northridge, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

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 Q acquired his car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Northridge, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

I don't think either party are disputing that the car wasn't of satisfactory quality. The independent inspector has confirmed that was likely to be the case as Mr Q had been complaining about oil level warnings since he took receipt of the vehicle. On the basis of the inspector's expert opinion, I would agree that the car was of unsatisfactory quality.

In those circumstances the relevant legislation allows the business an opportunity to repair the car. As Mr Q has confirmed the car is now working satisfactorily I don't think the business need to take any further action in relation to the fault with the vehicle.

But it's not fair that Mr Q was paying for a car he was unable to drive; he shouldn't have to pay for an independent inspection report, and he's suffered some distress and inconvenience that it's fair he's compensated for.

Northridge have agreed to refund the inspection report costs and to pay £200 in respect of the distress and inconvenience caused. I think that's fair.

I've thought about whether it is fair to ask Northridge to refund the finance instalments Mr Q paid whilst the car was off the road, awaiting repair. I think it is. When Mr Q took the car to the dealership in January 2022 the damage to the engine was clear. There was a hole in it where the timing gears had broken through the casing. The dealership knew the history of the car as messages show Mr Q had told them about the oil warning lights previously, had provided several photographs showing the warning messages on his dash over time, and had asked them to resolve the issue whilst they were completing the January 2022 service. That was enough evidence to demonstrate to the independent inspector that the fault was most likely developing from the inception of the deal, and I'm persuaded that in January 2022 there was enough evidence to demonstrate that to the dealership too.

I can't see that the dealership offered much support to Mr Q at that point. They didn't accept responsibility for the cost of the repair or keep Mr Q mobile with a courtesy car. As Mr Q had been in possession of the car for so long the relevant legislation put the onus on him to prove the fault was most likely to have been present when the car was supplied to him.

Given the lack of responsiveness from the dealership, their reluctance to take responsibility for the repair without further analysis, and Mr Q's understandable need to gather "independent" evidence, I don't think it was unreasonable for him to commission an independent inspection. I therefore think it's fair that Northridge should refund (or waive if they were due and weren't paid) the finance instalments for the period when the car was off the road and awaiting repair. I think that period was between 18 January and 19 October 2022.

## **Putting things right**

Northridge will need to put things right for Mr Q in the way I've set out above. They'll need to add 8% interest to any refunds as Mr Q has been deprived of that money.

## **My final decision**

I uphold this complaint and tell N.I.I.B. Group Limited to:

- Refund any finance instalments paid (or waive them if they were due and weren't paid) when the car was off the road and awaiting repair between 18 January 2022 and 19 October 2022. Add 8% simple interest per year from the date of payment to the date of settlement.
- Pay Mr Q £200 in respect of the distress and inconvenience he's experienced.
- Refund the £276 Mr Q paid for the independent inspection and add 8% simple interest per year from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 12 April 2023.

Phillip McMahon  
**Ombudsman**