

## **The complaint**

Mrs H complains that a used car she acquired with finance provided by N.I.I.B. Group Limited (trading as Northridge Finance) is of unsatisfactory quality and she wants to reject it and receive a refund.

## **What happened**

Mrs H acquired this car with a hire purchase agreement (HPA) she took out with Northridge Finance in August 2022. The car was delivered towards the end of that month and a service light came on about a month later. Mrs H took the car back to the supplying dealer (that I'll call A) who said the car had been serviced in July 2022 and reset the light. Not long after the engine started to overheat and an engine management light (EML) illuminated. A said the car was now outside its 60 day warranty and, unhappy with that response, Mrs H complained to Northridge Finance in November 2022.

The car went back to A in December 2022 and A sent it to a main dealer for the brand for checks. The main dealer found an EML was on, the car had reduced power, a fault code was stored, a new tank vent valve was required plus a new waste gate valve and coolant was low, so this was topped up. The car was returned to A who also replaced the head gasket. This work took a few months and Mrs H says she chased A several times but didn't receive an update. Northridge Finance wrote to Mrs H in early 2023 apologising that it hadn't yet reached an outcome on her complaint - it says difficulties arose as A had IT issues.

Northridge Finance gave Mrs H referral rights to our service and she contacted us stating that she wanted to reject the car and receive a refund of all payments made plus compensation. Mrs H also said she asked for a payment break but Northridge Finance refused - meaning she had to borrow cars from family members which impacted adversely on her wider family and her job. Northridge Finance told us it offered to cancel the direct debit and discussed other options available if Mrs H was having financial difficulties, which she declined.

One of our investigators considered the evidence and he recommended the complaint should be upheld. He was satisfied the car probably had a fault present when it was supplied - he thought the evidence suggested an overheating issue had developed and the car likely had a fault at the outset. He considered repair was a reasonable option however and Mrs H shouldn't be entitled to reject. He acknowledged some additional issues were identified - such as issues with the internal heating and valves that needed replacing. But he wasn't persuaded that these meant the car was of unsatisfactory quality when it was supplied - given its age and mileage, they were fixed at no cost to Mrs H and hadn't affected her use of the vehicle.

The investigator was satisfied that Mrs H was unable to use the car from October until December 2022 - when she was given a courtesy car while repairs were completed (at no additional cost to her). He found it was fair overall for Mrs H to receive a refund of two monthly payments (plus interest) to reflect her lost/impaired use and Northridge Finance should also pay her £150 compensation for associated distress and inconvenience.

Northridge Finance accepted the investigator's recommendations but Mrs H disagreed. She said things went wrong again two weeks after collecting the car in May 2023 - the engine overheated, a light came on, the car cut out and had to be recovered so she lost a day's pay and had to pay £180 for vehicle recovery. She thinks a refund of just two monthly payments is unfair - as she only drove her own car for about two and a half of the eleven months she had it. She feels she's been paying for a car she couldn't drive and she'd have paid a lot less for the courtesy vehicle - which wasn't the same brand or a similar model to her car.

Mrs H says the car was delivered after she took out the finance because it was in the garage for something the dealer didn't tell her about. She believes it still has a serious fault - meaning it's unreliable and unsafe - so she should be allowed to reject it. She supplied an email chain with A about the most recent breakdown and said she only agreed to the repairs because she needed transport and A wouldn't supply a courtesy car if her car was going to be rejected.

The investigator considered the additional evidence but his view remained unchanged. He wasn't persuaded that the May breakdown was likely to be due to issues which were present or developing when the car was supplied - or linked to the previous fault. He was satisfied that Mrs H was kept mobile most of the time her car was in for repairs. And A had discussed the option to reject with her in May 2023 but she chose not to and authorised repairs - which were successful.

Mrs H remained unhappy and she asked for an ombudsman to review the matter.

### **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.

Where evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

I can see that Mrs H has gone to some trouble to provide information here and I want to assure her, if I don't address every point that's been raised, it's not because I haven't thought about it. I have considered everything that's been said and sent to us. I'm going to concentrate however on what I think is key to reaching a fair and reasonable outcome overall.

Northridge Finance supplied this car to Mrs H under a HPA and it was obliged, under the Consumer Rights Act 2015 (CRA), to ensure that the car was of satisfactory quality at the outset. The level of quality that's considered "satisfactory" will vary depending on circumstances. In the case of most used cars it's generally reasonable to take the age, cost and mileage at the point of supply into account. This car was around five years old with over 54,000 miles on the clock and cost over £14,000. As such, I think a reasonable person would appreciate there's likely to be some wear and tear present and parts will probably need to be replaced sooner or later - and that's reflected in the price paid.

For much the same reasons as the investigator, I don't think the internal heating failure means a car of this age, price and mileage was of unsatisfactory quality. And I don't have enough evidence to fairly find the valves which had to be replaced were faulty at the point of supply. There doesn't seem to be any dispute however that the car did have a fault present when Mrs H got it, which caused the engine to overheat. I'm satisfied this means the car wasn't of satisfactory quality when it was supplied and I've given some thought to what's an appropriate remedy in the circumstances.

For the avoidance of any doubt, I have noted Mrs H's comments about Northridge's response to her request for a payment break. I'm aware however that she subsequently told the investigator this was included for information only - and it doesn't form part of her complaint - so I don't need to address the matter further in my decision.

### **Putting things right**

The CRA says a consumer like Mrs H has the short term right to reject faulty goods. That must be exercised within the first thirty days of purchase however and Mrs H didn't do so here. After the first 30 days, the CRA allows for a price reduction or a final right to reject if there's been a repair or replacement and there's still a problem - or repair or replacement is impossible or disproportionate, or the consumer asked for a repair or replacement but this wasn't done in a reasonable time and without significant inconvenience.

I'm satisfied that A arranged/carried out a number of repairs here - which included replacing the head gasket - at no cost to Mrs H. And I think it looks as if the work undertaken resolved the overheating fault present at the outset. I can see the car broke down again not long after Mrs H collected it and I realise that must have been very frustrating for her. However the emails she exchanged with A at the relevant time suggest this was due to a different issue – the thermostat collapsed and a crack in the turbocharger manifold contaminated the catalytic converter.

This happened some nine months after supply. I've seen no compelling evidence to suggest that the problem is likely to have been present when Mrs H got the car - which means I can't fairly hold Northridge responsible. And, even if I was persuaded it was due to an inherent fault, I'm satisfied that Mrs H authorised repairs and these seem to have fixed things. I find it understandable that Mrs H has lost some confidence in the car, in light of what's happened. But I've got nothing to show the car still has faults present - which are likely to have been there at the outset. And I can't fairly find she should be entitled to reject the vehicle now, in all the circumstances.

There seems to be no dispute that Mrs H was unable to use her car from October 2022 and a courtesy car wasn't supplied until December the same year. The replacement vehicle wasn't the same make and model as Mrs H's car and she says she would have paid less for it so she should be compensated accordingly. The investigator asked for more evidence about Mrs H's loss but nothing's been supplied. I'm satisfied she seems to have been kept mobile from December 2022 until her car was fixed and, based on the evidence available, I agree with the investigator it's fair that Mrs H should receive a refund of two monthly payments (plus interest) to reflect her lost/impaired use.

I'm satisfied that Mrs H probably experienced distress and inconvenience as a result of being supplied with this faulty car - among other things, she had to take it back for various repairs and investigations due to overheating. The investigator recommended Northridge Finance should pay Mrs H an additional £150 compensation for this and I think that sounds reasonable. I appreciate Mrs H says family members were also upset and inconvenienced by what happened here but I'm unable to require Northridge Finance to compensate any third party.

I realise this decision is likely to come as a disappointment to Mrs H, as it's not the outcome she wanted. She's not obliged to accept what I've said however, in which case it remains open to her to pursue the matter by any other means available.

### **My final decision**

For the reasons I've given, my decision is I uphold this complaint and I require N.I.I.B. Group

Limited (trading as Northridge Finance) to-

1. refund two monthly finance payments for loss of use and pay interest on the refund at 8% simple yearly from the date of payment to the date of settlement; and
2. pay Mrs H an additional £150 compensation for the associated distress and inconvenience caused.

If Northridge Finance does not pay the £150 compensation within 28 days of the date on which we tell it that Mrs H accepts my final decision then it must also pay 8% simple yearly interest on this from the date of my final decision to the date of payment.

If Northridge Finance considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs H how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 3 November 2023.

Claire Jackson  
**Ombudsman**