

## **The complaint**

Mrs N complains about the quality of a car she acquired under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance (Northridge Finance).

When I refer to what Mrs N and what Northridge Finance said or did, it should also be taken to include things said or done on their behalf.

## **What happened**

In June 2021, Mrs N entered into a hire purchase agreement with Northridge Finance to acquire a brand-new car. The cash price of the car was around £24,000. Mrs N's monthly repayments on the agreement were around £312 over a 48-month period. There was also an optional final payment of around £8,988.

In November 2022 Mrs N contacted Northridge Finance to say that from the start of the year the car has been with the supplying dealership three times and, at the time she contacted Northridge Finance, she said that the car has been there for approximately six weeks due to a major breakdown. The car required a new body control module and keys. From the job sheet it seems that the fault was originally reported on 29 September 2022 and the first module that was supplied was incorrect. The car repairs were finally completed on 15 June 2023 as per the job sheet. The car's mileage at the time was 7,498 miles.

Mrs N is unhappy because, as she said, during the nearly nine months when she was waiting for the car to be repaired, she had to change the courtesy car that she was provided with by the dealership three times. She said that this involved driving back and forth to the dealership, which was difficult to fit in between her job hours. This caused her distress and inconvenience because she said that she had to constantly move and refit the children's car seats and her travel equipment. In addition, she said, the hire company kept contacting her about the hire car payments not being made, which should have been taken care of by the supplying dealership. She also said that the situation had a detrimental impact on her mental and physical wellbeing, and she's unhappy that Northridge Finance provided no help whatsoever. So, she referred her complaint to our service.

Our investigator was satisfied that the car Northridge Finance supplied to Mrs N wasn't of satisfactory quality because it was supplied to her brand new, and, when the fault occurred, it had only travelled approximately 7,500 miles. So, he didn't think a reasonable person would expect a brand-new car to have developed these sorts of faults after covering such a short number of miles. As the faults have been repaired at no cost to Mrs N, he felt that Northridge Finance was not required to take any further action regarding the car, but he felt that they should pay Mrs N £300 for the distress and inconvenience caused. And he felt that they should also refund Mrs N 15% of her monthly rentals from October 2022 to June 2023 to reflect that she wasn't always kept mobile in a like for like replacement cars.

Northridge Finance didn't agree with the investigator. So, the complaint has been passed to me to decide.

## **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 considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law and, where appropriate, what would be considered to have been good industry practice at the relevant time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I'm very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there's something I've not mentioned, I haven't ignored it. I've not commented on every individual detail. But I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

Northridge Finance told our service that they weren't involved in providing Mrs N with the courtesy cars, so they feel that they shouldn't be responsible for the arrangements Mrs N made with the dealership. They said that they have no remit to instruct the dealership to provide a certain specification of courtesy car. They also said that they were unable to speed up, nor influence, the time it takes a manufacturer, or a car dealership, to acquire a part for a car. So, they said that, whilst they sympathise with the delays Mrs N encountered, there was a global shortage of car parts which was having a wide impact across the automotive industry. They think that reasonable time frames were therefore likely to be months rather than weeks. They said that this also impacted the availability of courtesy cars due to a higher demand.

Northridge Finance have also questioned whether there were durability issues with the car, and they feel that, as the issues first manifested over a year after the car was supplied, it was for Mrs N to prove that the car wasn't durable. They don't accept that the car was faulty at the point of supply, given the fact that the car covered around 7,500 miles with no issues. So, I've considered all the above arguments.

Mrs N acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. Northridge Finance is the supplier of the goods under this type of agreement and is responsible for dealing with complaints about their quality. The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mrs N entered into. Under the agreement there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered to be of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case, those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mrs N's case the car was brand-new, with a cash price of around £24,000. So, I think a reasonable person would expect it to be of a higher quality than a cheaper and/or previously used car. I think it would also be reasonable to expect the car to last a considerable period of time before significant problems occur, and it would be reasonable to expect it to be free from even minor defects shortly after it was acquired.

The CRA sets out that Mrs N has a short term right to reject the car within the first 30 days if the car is of unsatisfactory quality, however, she would need to ask for rejection within that time. I've not seen any evidence which shows that she expressed her wish to reject the car within that time and I don't think the faults in question were present at that time. The CRA says that, if the car acquired wasn't of satisfactory quality, or not as described, then Mrs N would still be entitled to return it after 30 days, but she wouldn't have the right to reject the car until she has exercised her right to repair – this is called her final right to reject. So, Mrs N doesn't have an automatic right to return the car if there's a fault. For me to conclude that Mrs N can now exercise her right to reject the car, or ask for a replacement, I would need to see that the car wasn't of satisfactory quality, and that Northridge Finance's one attempt at the repair has failed.

Considering the age and mileage of the car and the faults Mrs N experienced with the body control module and keys, I think a reasonable person wouldn't consider it reasonable for the car to have faults of such significance so soon after acquisition. At the time the car developed the fault and was taken to the dealership it had only travelled around 7,498 miles and this was only about 15 months after supply.

I know that Northridge Finance think that Mrs N needed to prove that the car wasn't durable because when it was brought to the dealership with the fault this was approximately 15 months after it was supplied. And I agree with them that the burden of proof was on Mrs N to show that the car wasn't of satisfactory quality, but I think considering the circumstances of this specific case I don't think it would be fair and reasonable to ask her to provide further evidence to satisfy this burden in order to show that the car wasn't durable. I say this because the car was bought brand new, it had only travelled about 7,500 miles and considering the price paid, I don't think a reasonable person would expect a brand-new car with such low mileage to experience the major fault that Mrs N experienced when she did.

So overall, I don't think the car was sufficiently durable. For this reason, I don't think the car was of satisfactory quality. But considering that the repair done appears to have been successful, I don't think it would be fair and reasonable for Mrs N to be able to now exercise her right to reject the car or to ask for a replacement.

During the approximate nine months when Mrs N was waiting for the car to be repaired, she had to change the courtesy car that was provided by the dealership three times. She described in detail how this has impacted her, and I've already mentioned this above, so I will not repeat it again. But I've considered what she has told our service and I don't think she would've experienced any of those things had Northridge Finance supplied her with a car that was of a satisfactory quality at the point of supply. So, I think Northridge Finance should pay £300 to reflect the distress and inconvenience caused to her.

I understand that Northridge Finance feel they weren't involved in providing Mrs N with the courtesy cars, so they feel that they shouldn't be responsible for the arrangements Mrs N made with the dealership. And that they were unable to speed up, nor influence, the time it takes a manufacturer or a car dealership to acquire a part for the car especially during a time of global shortage of car parts. But I don't think Mrs N would've experienced any of those things had Northridge Finance supplied her with a car that was of a satisfactory quality at the point of supply. Also, Mrs N made Northridge Finance aware of the issues she was experiencing in November 2022 and, as they are the supplier of the goods under this type of agreement, they are responsible for dealing with complaints about their quality. The CRA stipulates that the repairs have to be completed in a reasonable time and, considering all the circumstances, I don't think nine months is a reasonable time.

Furthermore, while the car was waiting to be fixed, Mrs N was disadvantaged as the courtesy cars were not always like for like and as such fit for the purpose that she needed them for. As these weren't always suitable for her needs, I think it is only fair and reasonable that Northridge Finance refund her 15% of her monthly rentals from October 2022 to June 2023. I think this is a fair way to reflect that she wasn't always kept mobile in a like for like replacement car. And I don't think she would've needed to deal with the issues mentioned above had Northridge Finance supplied her with a car that was of satisfactory quality.

### **My final decision**

For the reasons given above I think N.I.I.B. Group Limited trading as Northridge Finance's should:

- Refund Mrs N 15% of her monthly rentals from October 2022 to June 2023, plus add 8% simple interest per year to these refunds, from the date of each payment to the date of settlement.
- Pay Mrs N £300 in compensation for the distress and inconvenience caused.

If N.I.I.B. Group Limited trading as Northridge Finance considers tax should be deducted from the interest element of my award, they should provide Mrs N with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 27 November 2023.

Mike Kozbial  
**Ombudsman**