

## **The complaint**

Ms F complains about a new car she acquired through a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance (Northridge). The car suffered an engine failure and Ms F is unhappy the car now needs a replacement engine, which she is expected to pay for.

## **What happened**

Ms F acquired a new car in December 2019. The car cost more than £20,000 and the majority of the purchase price was met through a hire purchase agreement with Northridge. In August 2022, by the time the car had travelled approximately 37,000 miles, the car had a problem with the engine and this has led to the car requiring a replacement engine to remedy the issue. The engine failure is believed to be caused by the failure of the number two cylinder spark plug, which resulted in parts/fragments of the failed spark plug damaging the internal engine components.

Ms F complained to Northridge and in support of her complaint provided an independent inspection report that ultimately concluded the car was not of satisfactory quality. Northridge has questioned the impartiality of the report and said that in its experience this inspector will always likely conclude the car was not of satisfactory quality.

Northridge refers to a service schedule from the manufacturer which indicates the spark plugs should be changed at 32,000 miles and believes that as the spark plugs lasted longer than this, this shows the car was of satisfactory quality.

Ms F's complaint was considered by one of our investigators, who explained why they considered there was sufficient evidence to uphold the complaint. They recommended Ms F be allowed to end her agreement with Northridge and receive a refund of her deposit and some repayments, plus the cost of the inspection report.

Northridge did not accept the investigator's conclusions, so the complaint has been referred to me for a final decision.

## **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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The circumstances are of course well known to the parties involved in this complaint and I

see no benefit therefore repeating them at length in this decision.

Where the 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.

Ms F acquired a new car using a hire purchase agreement with Northridge. Our service is able to consider complaints about hire purchase agreements and as Northridge is the supplier of the car to Ms F under the hire purchase agreement, we can consider complaints about the quality of that car. When considering the quality of a car the Consumer Rights Act 2015 is appropriate legislation that would apply in this instance. The Act requires Northridge to supply goods that are of satisfactory quality. An element of satisfactory quality includes durability, which requires goods to last a reasonable period of time. Exactly what is a reasonable period of time will depend upon the circumstances and a number of factors. The test of whether or not the quality of the goods is satisfactory is determined by what a reasonable person would consider satisfactory for the goods in question.

When assessing whether or not Ms F's car was of satisfactory quality, the fact the car was new and cost in excess of £20,000 is a relevant consideration here. This is not an inconsiderable sum and understandably the expectations around the quality, and therefore durability, of the car are higher than when buying a used car for considerably less cost. Also relevant in my view is the fault or failure and the timing or mileage of the fault.

There seems to be little or no dispute that the car's engine needs replacing and this is caused by the failure of one of the spark plugs. That failure has likely caused debris to be consumed within the engine and this has led to the much more significant failure of the engine as a whole. The failure occurred here after the car had travelled around 37,000 miles and the car was by that time around two and half years old.

I accept that the problem has not occurred until some time into Ms F's possession of the car and that the car had travelled 37,000 miles. But this again was a brand new car when supplied to Ms F and it is reasonable in my view to expect the car's engine, or the components that are connected to and key to its performance, to last for more than 37,000 miles. I don't think a reasonable person would expect the car's engine to need replacing after merely 37,000 miles. This is especially so in my view where it is now clear that the failure of the component, the spark plug, can cause the catastrophic failure of the engine and require its replacement at significant expense.

I accept that certain components do need servicing or replacing and I have considered very carefully the submissions from all parties around the servicing requirements of Ms F's car. I understand Ms F's owner's manual refers to a service schedule for her car to be serviced every 12,000 miles or one year, whichever comes first. Ms F has from my understanding adhered to that service schedule, albeit I accept that not all servicing has been carried out by the supplying dealer, or a franchised dealer of the manufacturer. But even though Ms F did not use a franchised dealer for all her services, I am not persuaded this should impact the outcome of this complaint, considering the likelihood of the original spark plug being the one that failed.

There is no mention in the owner's handbook, to my knowledge, for the requirement to change the spark plugs at 32,000 miles. Northridge has produced a document from the manufacturer that refers to the spark plugs needing to be changed at 32,000 miles. But I have seen nothing that indicates Ms F was aware of this requirement. I note the document from the manufacturer has a section for a consumer to sign the form, but I again have seen nothing to indicate that Ms F had been provided with this service schedule.

I have also noted the independent inspection has referred to the original servicing requirements for the spark plugs was at 50,000 miles and the inspector believes this was reduced because of known issues with the spark plugs. I haven't seen any supporting evidence that indicates specifically that the spark plug servicing requirements for Ms F's car reduced from 50,000 miles to 32,000 miles. But as already stated, I haven't seen anything to indicate Ms F was aware of any servicing requirements for her spark plugs. One could argue that if the failure of the spark plugs could cause such a catastrophic failure requiring such an expensive repair, it would have been prudent to have told or reminded consumers of the need to replace the spark plugs at the certain interval. Replacing spark plugs is a relatively inexpensive task and I am confident had Ms F known of the potential consequences she would have ensured the spark plugs were replaced.

I have also noted that Northridge considers the fact that the spark plugs did not fail until 37,000 miles, therefore 5,000 miles after the 32,000 miles referred to as the servicing schedule. But this does not persuade me that the car and ultimately spark plugs were sufficiently durable. It is reasonable to assume that when a manufacturer sets a service schedule and recommends a component is replaced, that some 'flexibility' is allowed to ensure components do not fail immediately when they reach the specified mileage period. Also in this instance I note the 32,000 mile service interval appears to conflict somewhat with the 12,000 miles or 1 year servicing requirements in the owners handbook. This arguable 'misalignment' of servicing requirements has potentially significant implications for consumers whose annual service doesn't quite fall on 32,000 miles.

Ultimately, having considered all that the parties have said and provided, for the reasons set out above I am not persuaded the car Northridge supplied to Ms F under the hire purchase agreement was of satisfactory quality. as it was not sufficiently durable. I'm satisfied that a reasonable person, who has serviced the car in accordance with the instructions they received, would not consider the car to be of satisfactory quality and it is for these reasons that I consider Ms F's complaint should be upheld.

### **Putting things right**

The Consumer Rights Act 2015 sets out a variety of remedies that may be appropriate where goods are found to not have been of satisfactory quality and I have had regard to those here. I have also considered the significance of the repair required now to remedy the issue and that some considerable time has now passed since the car's failure.

Ms F has gone to great lengths with numerous parties to obtain a remedy, after being told she must fund the cost of repair herself. An engine replacement is a significant task, even for an authorised garage, and this comes at considerable cost. Having considered the specific circumstances of Ms F's complaint, in particular that she has been without the car for a considerable period of time now, I consider that Northridge should allow Ms F to reject the car and end her agreement with them. Northridge should arrange to collect the car, at its own cost, and settle any storage costs if required.

Ms F has been without use of the car for some time and if she has made repayments to the hire purchase agreement since the car failed, these should be refunded to Ms F. If payments have not been made to the hire purchase agreement and any adverse information has been recorded with credit reference agencies, this should be removed from Ms F's credit file. Ms F should also receive a refund of her deposit once the hire purchase agreement is cancelled.

In support of her complaint Ms F has provided expert's report and this is a detailed inspection and report into the car. This is a cost that Ms F need not have incurred had she been supplied with a car that was of satisfactory quality. So Northridge should also refund this to her.

Northridge should add interest to any refunded sums and this should be calculated at 8% simple on each item from the date of payment until the date of settlement.

Finally, Ms F has been caused significant trouble and upset as a result of being supplied a car that was not of satisfactory quality. She has had to make alternative travel arrangements and been caused great inconvenience for some time. In addition to what I have already set out, Northridge should pay Ms F £400 to reflect this.

If Northridge does not settle the complaint within 28 days of Ms F accepting this decision, interest, on the same basis as already set out, should be added to the £400.

### **My final decision**

My final decision is that I uphold Ms F's complaint against N.I.I.B. Group Limited trading as Northridge Finance and direct it to settle Ms F's complaint in accordance with what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 19 October 2023.

Mark Hollands  
**Ombudsman**