

## **The complaint**

Mr T complains N.I.I.B. Group Limited trading as Northridge Finance (Northridge) supplied him with a car that he believes wasn't of satisfactory quality.

## **What happened**

In December 2022, Mr T entered into a 60 month agreement for a used car. The car's cash price was around £29,000. It was six years old and had travelled around 41,000 miles. Mr T paid a £800 deposit and took out a loan for the remaining balance. The total amount payable was over £35,000. The monthly instalments were around £570.

In February 2023, Mr T reported there was an oil leak impacting the turbo and sump gasket. It was returned to the dealership but they said they couldn't find a fault. The car remained at the dealership for quite some time. In April 2023, it was returned to Mr T after he was told he needed to pay £378 for storage fees.

In May 2023, Mr T paid for an independent inspection to be carried out. It said there were oil leaks present at the rear turbo charger, engine oil sump and electrical connectors. It went on to say the car is burning oil which may explain the misfire faults therefore it wasn't safe to drive. It concluded as the car had only travelled around 1,200 miles since purchase, the faults would've been present or developing at supply.

In June 2023, Mr T declared the car sorn, cancelled the insurance and it has remained at his property ever since.

Unhappy with the timeline of events and Northridge's actions, the complaint was referred to our service. Our investigator recommended the complaint was upheld. She concluded the car wasn't of satisfactory quality at supply and the dealership had the opportunity to carry out the repair but they didn't do so. She said Mr T should be allowed to reject the car. In summary she said Northridge must do the following to resolve the complaint:

- End the agreement;
- Collect the car;
- Refund the £800 deposit;
- Refund the monthly instalments paid from 15 February 2023;
- Refund the storage charge and the cost of the inspection;
- Refund the cost of the insurance on a pro-rata basis from May to June 2023;
- Pay 8% simple interest on the above refunds from the date of payment to the date of settlement;
- Remove adverse information from Mr T's credit file;
- Pay £200 compensation for the trouble and upset caused.

Northridge questioned why the storage charge and insurance should be refunded. Mr T said he's frustrated the car remains at his property and comments he doesn't believe the compensation is enough given the distress and inconvenience caused.

As an agreement couldn't be reached, the complaint has been referred 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.

Having done so, I've decided to uphold Mr T's complaint. I will explain why.

Mr T acquired a car under a regulated credit agreement. Northridge was the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply and the quality of the car.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that, under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory". To be considered "satisfactory", the goods would need to 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. In a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage. The quality of goods includes other things like fitness for purpose, appearance, freedom from minor defects, safety and durability.

In this case, Mr T was supplied with a used car that was over six years old and covered around 41,000 miles. For used cars, it's reasonable to expect parts may already have suffered notable wear and tear and may need repair and/or maintenance sooner than a car which wasn't as road-worn when it was supplied.

Based on the evidence presented to me, especially the findings of the independent inspection report, it's evident the car had an oil leak which significantly impacted its use. While I acknowledge the age and mileage of the car, I don't find a reasonable person would expect to experience such an issue so soon after acquiring it. Similar to the report, that suggests to me the fault was present or developing at supply. Therefore I'm not satisfied the car was of satisfactory quality meaning there was a breach of contract.

Where that happens and it's outside the short term right to reject (30 days), the CRA says there should be one opportunity to repair and I must stress that is for the whole car, not for each individual fault. Like the investigator, I'm satisfied this happened. The car was returned to the dealership in February 2023 and they said they couldn't find a fault. Given the findings of the independent inspection and the extent of the oil leak reported, I'm surprised the dealership were unable to find the same.

The CRA makes it clear that if faults remain after the opportunity to repair or the repair failed, rejection should be allowed. Given the timeline of events in this case, I consider that to be a fair course of action— Northridge should allow Mr T to reject the car.

### *Putting things right*

To put things right, Northridge should end the agreement, collect the car, refund the £800 deposit (as shown on the agreement) and remove adverse information from Mr T's credit file. It's clear Mr T stopped driving the car when it was returned to the dealership on 17 February 2023. Following the inspection, he was told it wasn't safe to drive it so it was reasonable for him to follow such instructions. As Mr T hasn't used the car since 17 February 2023,

Northridge should refund the monthly payments from that point onwards. As Mr T had some use of the car (although limited), I won't be saying all the monthly instalments should be refunded.

For reasons similar to that reached by the investigator, I find the storage fee should be refunded. I note Northridge's comments that it was Mr T's decision not to collect the car however I have insufficient evidence to demonstrate he was told in advance he would be liable for any storage charges or he refused to collect the car. In any event, based on the inspection report it wasn't safe to drive it.

Mr T paid for an independent inspection to support his claim and the report confirmed the fault. As this cost was incurred as a result of being supplied with the faulty car, this should also be refunded.

Turning to the insurance and tax. I won't be saying Northridge needs to refund the total amount paid to insure and tax the car. This is because it is a legal requirement and a term of the agreement for this to be in place. This is irrespective of whether the car was faulty or not. I don't consider these to be direct costs as a result of the faults. However I agree with the investigator that I would've expected Northridge to have allowed rejection sooner in light of the inspection report in May 2023. I understand the car was declared SORN and the insurance cancelled in June 2023. In light of the same, I consider it fair for Northridge to prove a pro rata refund for the insurance and tax costs between 10 May and 7 June 2023.

Lastly, I've thought carefully about the likely impact of this situation on Mr T. This includes having to arrange his own inspection, being left without a car, having to find alternative transport, having this car at his property yet he can't drive it, etc. Given the circumstances, I consider £200 compensation to be fair.

### *Summary*

Taking everything into account, I'm not satisfied the car was of satisfactory quality when supplied. To resolve the complaint, Northridge should put things right as outlined below.

### **My final decision**

For the reasons set out above, I've decided to uphold Mr T's complaint.

To put things right, N.I.I.B. Group Limited trading as Northridge Finance must:

- End the agreement with nothing further for Mr T to pay;
- Collect the car at no cost to Mr T;
- Refund the monthly instalments from 17 February 2023 to the date of settlement;
- Refund the deposit (£800);
- Refund the storage cost (upon proof of payment);
- Refund the inspection report cost (upon proof of payment);
- Provide a pro-rata refund for the insurance and car tax costs for the period between 10 May and 7 June 2023 (upon proof of payment);
- Pay 8% simple interest per year on all the above refunds calculated from the date of payment up to the date of settlement;
- Remove any adverse information about this agreement from Mr T's credit file;

- Pay £200 compensation to Mr T for the trouble and upset caused.

\*If NIIB Group Limited trading as Northridge Finance Limited considers tax should be deducted from the interest part of my award it should provide Mr T with a certificate showing how much it has taken off, so he can reclaim that amount if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 February 2024.

Simona Reese  
**Ombudsman**