

The complaint

Mr S 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.

Mr S is represented by his daughter but as he's the agreement holder, I will refer to him throughout this decision.

What happened

The details of this case are well known to both parties so I won't repeat them. Instead I will focus on the reasons for my 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.

Having done so, I've decided to uphold Mr S' complaint. I'll explain why.

Mr S acquired a car under a regulated credit agreement. Northridge was the supplier of the goods under this type of agreement. So while I understand they may need to liaise with the supplying dealership about what's happened, ultimately 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 at the time of supply, the car's history, safety, durability, etc.

In this case, Mr S acquired a used car that was around eight years old and had travelled around 80,000 miles. As this was a used car with considerable mileage and age, it's reasonable to expect parts may already have suffered substantial wear and tear when compared to a new car or one that is less travelled.

Mr S has provided the majority of the evidence in this case. Despite our service's request for Northridge's side of the story, this hasn't been particularly forthcoming which is disappointing. Therefore I've reached this decision based on the evidence currently on file. I won't repeat the timeline of events as the investigator has already done so succinctly.

Based on the evidence presented to me which includes breakdown reports, videos and pictures showing the faults, Mr S' version of events and the fact the car was with the dealership for a number of months for a repair, I'm satisfied there were faults with the car. Namely leakage from the power steering, a suspension fault and the car entering into limp mode (restricted performance).

I've already set out the expectations of a used car. I note the first fault was reported in October 2022 which was only a couple of months after Mr S took possession of the car. I don't find a reasonable person would expect to experience such issues so soon after acquiring it.

Thereafter, faults were reported in November 2022, December 2022 and March 2023. By March 2023 which is when the car was returned to the dealership and Mr S stopped driving it, he had travelled less than 2,000 miles. Given the relatively low mileage covered and the number of faults, I don't find the car was reasonably durable. In my opinion, it's most likely the faults were present or developing at supply. Therefore I don't find the car was of satisfactory quality at supply meaning there was a breach of contract.

The CRA says where this happens and it's outside the short term right to reject (30 days), there is one opportunity of repair and that should be carried out in a reasonable timeframe and at no cost to the consumer. In this case, the car was returned to the supplying dealership on more than one occasion for repair and had remained with them for a considerable amount of time (around three months). So I can't say the repair was carried out in a reasonable timeframe without causing inconvenience to Mr S.

Despite these repairs, Mr S has provided breakdown reports that demonstrates faults remained with the car afterwards. I've seen the video which shows smoke coming from the car. I'm sorry to see this happened and I can appreciate this would've been a serious concern. From that point Mr S said he hasn't driven it since and I can understand why he lost faith in it and didn't feel safe driving the car.

In my opinion, it's clear the repairs by the supplying dealership had failed and hadn't fixed the faults. Where this happens, the CRA says rejection should be allowed and like the investigator, I find this is a fair course of action. Northridge should allow Mr S to reject the car and end the finance agreement. As the car was returned to the dealership, there is no need for Northridge to collect it from Mr S directly.

Northridge should refund the monthly instalments paid from March 2023 onwards as that's when he stopped using the car. They should also refund any deposit and/or part exchange contribution made by Mr S. Also remove any adverse information about this agreement from Mr S' credit file.

The investigator has recommended Northridge pay a number of refunds of the monthly instalments for different periods of time and at different rates. However to make things clearer to resolve, I've simplified this.

Based on what I've seen, there are periods of time where Mr S was left without a working car and no courtesy car was provided, I calculate this to equate to roughly one month. So Northridge should refund the equivalent of one month instalment to reflect this.

I've already said Northridge need to refund instalments from March 2023 onwards and the equivalent of one month to reflect the time Mr S was without a car. For any remaining monthly instalments paid, Northridge should refund 20% to reflect the impaired use of the car.

Mr S says he was provided with a courtesy car while his own was with the dealership for repair. However during that time, he said he had to replace the tyres because they were damaged. Given the limited time he had this courtesy car, on balance I believe the tyres were damaged when it was supplied to him. Therefore upon proof of evidence of payment, Northridge should refund Mr S for the same.

I've thought about the likely impact of this situation on Mr S including multiple trips to the dealership, having to arrange the car to be recovered to the dealership and delays in the repair, I find the £200 compensation recommended by the investigator to be fair.

Lastly I note from Northridge's most recent submissions to our service that the dealership are having issues taking further action with the car as they don't have the log book (VC5). Even if I accept that to be true, I don't find that's Mr S' responsibility and it shouldn't delay Northridge resolving this complaint. Especially as there has been ample opportunity to request a copy of the same from the relevant body. In the event Mr S accepts this decision, I expect matters to be resolved promptly without any further delay.

In summary, I'm not satisfied the car was of satisfactory quality at supply and Mr S should be allowed to reject it. Northridge should resolve the complaint as outlined below.

My final decision

For the reasons set out above, I've decided to uphold Mr 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 S to pay;
- Collect the car at no cost to Mr S;
- Refund the monthly instalments from March 2023 onwards*;
- Refund the equivalent of one month instalment to reflect loss of use of the car*;
- Having refunded the above, to refund 20% of any remaining monthly instalments paid to reflect the impaired use*;
- Reimburse Mr S for the cost of replacing the tyres on the courtesy car (upon proof of evidence)*;
- Remove any adverse information about this agreement from Mr S' credit file;
- Pay £200 compensation to Mr S for trouble and upset caused.
- Northridge must make the above payments within 28 days of our service informing them of Mr S' acceptance of this final decision. If it pays later than this, it must also pay interest on the £200 compensation from the date of this final decision to the date of payment to Mr S at a simple rate of 8% interest per year.

* Northridge must should pay 8% simple interest per year on all the above refunds calculated from the date of payment up to the date of settlement.

**If Northridge considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 February 2024.

Simona Reese
Ombudsman