

## **The complaint**

Mr P complains that a car acquired with finance from N.I.I.B Group Limited trading as Northridge Finance ("NF") wasn't of satisfactory quality.

## **What happened**

In February 2023 Mr P was supplied with a car and entered into a hire purchase agreement with NF. At the point of supply the car was around four years old and had covered around 60,000 miles.

Within the first two weeks of getting the car the engine management light illuminated. Mr P reported this to the supplying dealer and was advised to take the car to a local garage for diagnosis.

Mr P took the car to a local garage in April (as this was the earliest appointment available) and was advised that the NOX sensor and exhaust VVT sensor needed to be replaced. Mr P provided the diagnostic report to the supplying dealer. The supplying dealer advised Mr P that the repair would be covered by his extended guarantee and that the contribution to repairs would be £502.24 plus VAT. Mr P responded and advised the supplying dealer that this sum wasn't sufficient to cover the repair costs. He asked to reject the car.

The supplying dealer refused to accept rejection. It said it required a clear diagnostic report and a repair quotation. A dispute followed between Mr P and the supplying dealer about arranging repair at a main dealer, or at a specialist dealer closer to Mr P. Mr P continued to ask to reject the car.

Unable to resolve matters with the supplying dealer, Mr P complained to NF. He says he didn't hear back from NF and therefore brought his complaint to this service.

Our investigator upheld the complaint. They said they were satisfied that there was enough evidence to show that there was a fault with the car, and that it was likely that the fault was present at the point of supply. The investigator said they were satisfied that Mr P had raised the issue within the first week of getting the car and said that his request to reject the car was only made after the 30 day period because of the time he had to wait to get the car booked in and the fault diagnosed. The investigator said NF should allow Mr P to reject the car.

NF didn't agree. It said it wasn't qualified to assess the merchantable quality of the car and were reliant on the information supplied by the supplying dealer.

## **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.

The Consumer Rights Act 2015 is relevant to this complaint. This says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard

that a reasonable person would regard as acceptable, taking into account factors such as the age and mileage of the car and the price paid. The legislation says that the quality of the goods includes their general state and conditions, as well as things like fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

The car supplied to Mr P was around four years old and had covered around 60,000 miles. So it's reasonable to expect that parts of the car would already have a degree of wear and tear and that it was likely to require repairs sooner than, say, a brand new car.

Under the Consumer Rights Act 2015, a consumer has the right to ask for a full refund in the first 30 days if the goods are faulty. This is called the short term right to reject. Where a fault occurs within the first six months of the point of supply it's assumed that the fault was present or developing at the point of supply and it's generally up to the business to put things right. The business is allowed one opportunity to repair the fault.

I've reviewed the available information about the issues which Mr P experienced with the car. Based on what I've seen, I'm satisfied that the car had a fault. I say this because the diagnostic report from the garage who looked at the car in April 2023 states that the NOX sensor and the exhaust VVT sensor need to be replaced. I can see that the supplying dealer accepted that there was a fault because in its email dated 20 April 2023 it confirmed that a contribution towards the costs of repair would be made under the extended guarantee.

I've gone on to consider whether the car was of satisfactory quality when it was supplied. Mr P reported the issue to the supplying dealer within the first two weeks of collecting the car. The fault was diagnosed in April 2023.

I'm satisfied that the fault presented itself within the first week of Mr P getting the car. This is consistent with Mr P's first communication with the supplying dealer about the issue. Because the fault occurred such a short time after the point of sale, I think it's likely that the fault was present or developing at the point of supply. The relevant legislation assumes this and I haven't seen any evidence from either the supplying dealer or NF to rebut the presumption.

There was some delay between the fault occurring and Mr P obtaining a formal diagnosis of the fault. Mr P has said that he was advised by the supplying dealer to book the car into a local garage and he had to wait for an appointment to become available. I don't think it's fair to hold Mr P responsible for any delay. Once the fault had been diagnosed Mr P asked to reject the car.

I appreciate that Mr P didn't ask to reject the car within the first 30 days. So he hasn't exercised his short term right to reject here. Once the fault was diagnosed I think the supplying dealer had a reasonable opportunity to arrange repairs. I don't think it was reasonable for the supplying dealer to offer only a contribution towards the cost of repairs, not to meet the full costs of repairs. This isn't consistent with its obligations under the relevant legislation.

Taking everything into account, I think the supplying dealer has had a reasonable opportunity to arrange repairs and has failed to do so. I don't think the business should be given any further opportunities to repair. Mr P should be allowed to reject the car.

### **Putting things right**

Mr P has been able to drive the car but his use of it has been impaired. I think it's fair to ask NF to refund the rentals paid by Mr P, less a deduction for fair use. The fair use deduction should be calculated by reference to the mileage covered by Mr P during the time he's had

the car and the mileage rate should be no more than the amount for excess mileage specified in the finance agreement.

Mr P has provided an invoice which shows that he paid £702.75 for the diagnostic and some repairs. I think its fair to ask NF to refund this.

Its clear that Mr P has been caused some inconvenience as a result of being supplied with a car which wasn't of satisfactory quality. Mr P has been trying to resolve this dispute for a long time and hasn't received a timely response from the business. I think its fair to ask NF to pay compensation of £250 to reflect the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold the complaint. N.I.I.B Group Limited trading as Northridge Finance must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Mr P

Refund the deposit/part exchange of £8300

Refund all rentals paid by Mr P less a deduction for fair usage calculated as I've set out above.

Refund £702.72 in relation to the diagnostic report

Pay 8% simple interest on all amounts refunded calculated from the date of payment to the date of settlement

Pay £250 compensation for distress and inconvenience

Remove any adverse information from Mr P's credit file in relation to the agreement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 April 2024.

Emma Davy  
**Ombudsman**