

## **The complaint**

Mr F 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 at supply.

## **What happened**

The details of this complaint 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 F's complaint.

Mr F 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.

Mr F acquired a car that was around three years old and had travelled around 31,600 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.

Based on the evidence I've seen which includes job cards, pictures, videos, comments from the supplying dealership and Mr F, I find there were faults with the car. Within days of acquiring the car, Mr F reported issues with the diesel particulate filter (DPF), the engine management lights were coming on and there was a constant buzzing noise. It was returned to the dealership for them to look in to and they found a fault with the DPF.

I don't believe a reasonable person would expect to experience such a fault within days of acquiring the car and having travelled less than 1,000 miles. Given how quickly the fault presented itself, I find it's more likely than not it was present or developing at supply. Therefore I'm not satisfied the car was of satisfactory quality, meaning there was breach of contract.

The CRA makes it clear a consumer has 30 days to reject a car that's not of satisfactory quality (short term right to reject). There's insufficient evidence Mr F asked for rejection during those initial 30 days, it appears he was willing to accept a repair. I would expect such repairs to be carried out at no cost to him, within a reasonable timeframe and without significant inconvenience to him. I'm satisfied that happened in this case.

However after that initial repair, there were further faults with the DPF and new ones including loss of power, a faulty temperature sensor, a faulty fuel filter, a faulty parking switch. The dealership has confirmed the car was returned to them on at least four occasions. The CRA makes it clear outside of the initial 30 days, there should be one opportunity for repair. In this case it's evident that's happened.

Where the repair fails to fix the problem and others remain which also means the car wasn't of satisfactory quality, the CRA provides the consumer with the final right of rejection. In this case, evidence shows Mr F had requested this as early as October 2022 after the initial repair failed to fix the faults. He made the request to both Northridge and the dealership.

As Northridge was the supplier of the goods and ultimately responsible for the car's quality, I would've expected them to have thoroughly considered Mr F's request for rejection. But I'm not convinced they did so fairly. I say this because based on the information received from the dealership and Mr F, it was evident there were faults and the repair failed to fix them. Mr F stressed he no longer wanted any further repairs and I find he was within his right to do so. He's not obliged to accept multiple repair attempts. Had Northridge fairly considered Mr F's concerns and his request for rejection, I believe this situation could've been resolved sooner.

Frustrated with the situation and the lack of positive action by Northridge, Mr F turned back to the dealership. In March 2023, they agreed to buy back the car. They paid around £17,100 to settle the agreement but said they had deducted £670 from the original sale price (£17,779) to account of Mr F's use of the car. He was unhappy with this and believed he should be entitled to more including the refund of the monthly instalments he had paid.

It's disappointing to see when responding to Mr F's complaint, Northridge took the stance that as the agreement had been settled by the dealership, matters had been resolved so there was nothing further for them to consider. In my opinion, they hadn't reasonably considered Mr F's points. I must point out that as a lay-person, I wouldn't necessarily expect Mr F to know the process of a rejection, what he may be entitled to under this remedy and how that may differ from the agreement simply being settled. However Northridge would be clear on this process, what the relevant law says and our service's general approach in such cases.

Generally speaking where a car isn't of satisfactory quality and the consumer is entitled to exercise their final right of rejection, I would expect the agreement to end, the car to be collected, a refund of the deposit/part exchange and adverse information to be removed from the credit file. There may be a full or partial return of the monthly payments but that would be dependent on the use of the car by the consumer. We may also consider compensation for costs incurred as a result of the faulty car and any distress and inconvenience caused.

In this case, having found the car wasn't of satisfactory quality and Northridge should've treated this as rejection, I find they haven't done enough to put things right. The agreement has already ended and the car returned so I don't need to tell Northridge to do this. Based on the agreement, I can't see Mr F paid a deposit, nor did he part exchange a vehicle so no refund is necessary for this.

Mr F has asked for the return of the monthly instalments he paid however I won't be saying Northridge needs to return the entire amount. I accept the car was in for repair for a number of weeks between October 2022 and January 2023 as confirmed by the dealership. During this time, a courtesy car was provided to Mr F in order to keep him mobile and minimise the inconvenience. While not a like for like replacement, I believe the first courtesy car was a reasonable replacement. However the second one was considerably smaller than the car subject to this agreement. Mr F has explained how this caused him inconvenience when traveling with his family and travelling to work with his tools. He said at times he had to borrow a bigger car from a family member. While I recognise Northridge's comments about the availability of courtesy cars and they can't be held responsible for the ones that are provided, I must consider the impact of the same on Mr F. That is, due to no fault of his own he has been provided with a faulty car that he has no use of and provided with an alternative that isn't a like for like replacement. So it's fair for me to take this into account when determining how this complaint should be resolved.

I've also considered from the time Mr F acquired the car (August 2022) up to the time it was returned (March 2023), it wasn't fault free. There were issues throughout the duration of the agreement. This equates to around six months and during that time, the car had travelled around 2,400 miles. Given the use of this car and the provision of the courtesy cars, I won't be saying Mr F should be refunded the full amount of the instalments he's paid. Instead like the investigator, I agree Northridge should refund 10% of the monthly instalments paid to reflect the impaired use of the car.

Lastly I've thought about the impact of the situation on Mr F. I'm sorry to hear the car didn't perform as expected. He's had multiple visits to the dealership, at times had to borrow cars when the courtesy car wasn't suitable, etc. Based on the extent of the correspondence I've seen, it's clear the situation was negatively impacting him and he was looking for assistance and guidance from Northridge but in my opinion their service fell below what I would expect. Given these circumstances, Northridge should pay £300 compensation for the trouble and upset caused.

### **My final decision**

For the reasons set out above, I've decided to uphold Mr F's complaint.

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

- Refund 10% of the monthly instalments paid to reflect the impaired use of the car plus pay 8% simple interest per year from the date of payment to the date of settlement;
- Remove any adverse information about this agreement from Mr F's credit file;

- Pay £300 compensation to Mr F for the trouble and upset caused.

\*If N.I.I.B. Group Limited trading as Northridge Finance considers tax should be deducted from the interest part of my award it should provide Mr F with a certificate showing how much it has taken off, so Mr F 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 F to accept or reject my decision before 18 March 2024.

Simona Reese  
**Ombudsman**