

## **The complaint**

Mr R complains about the quality of a car he acquired through a hire purchase agreement financed by N.I.I.B Group Limited trading as Northridge Finance (Northridge).

## **What happened**

In March 2023 Mr R acquired a used car through a hire purchase agreement financed by Northridge.

Mr R said he noticed problems with the vehicle straightaway, and it was investigated and repaired by the dealership on five occasions between March and June 2023, but problems with the steering and brakes persisted, so Mr R complained to Northridge about the quality of the car in June 2023.

Northridge didn't send Mr R a response to his complaint, and so he brought it to this service in August 2023.

Northridge said they'd been unable to contact the dealership where the repairs were completed, and so they had no job cards or evidence of inspections or repairs to supply.

An inspection was carried out in November 2023, which identified that the vehicle wandered to the left, with the steering having to be corrected frequently, and there was a slight rubbing from the brake pads when reversing, which was intermittent.

Our investigator gave her view that there was an ongoing fault with the car, and that it made it of unsatisfactory quality at the time it was supplied to Mr R. She said she thought Mr R was entitled to his final right to reject the car, a refund of his deposit, a refund of 10% of his monthly payments and £100 compensation.

Northridge didn't respond to our investigator's recommendations, and so the case has been passed to me for a 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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Northridge as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 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 other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here, the car was acquired used with a cash price of around £28,000. It was around two and a half years old and had travelled approximately 32,000 miles at the time of supply. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a cheaper, older, or higher mileage, vehicle.

Mr R has reported that he took the car to the dealership on five occasions, and various attempts at repair were made, but each time he collected the car the faults persisted. I haven't seen any evidence of previous repairs, however the engineer that completed the inspection in November 2023 confirmed that there were some new parts on the vehicle which reflect the areas that Mr R has complained about, and so I'm persuaded by this and Mr R's testimony that repairs have been attempted a number of times in the past.

The engineer has confirmed that there are ongoing faults with the vehicle, in that it is pulling to the left and the brakes are intermittently rubbing. It's not clear what the cause of these faults are, but the pulling of the steering in particular is a potential safety concern, and so I don't think a reasonable person would expect a car of this age and mileage to be experiencing such a serious issue so soon.

On the balance of probabilities, I'm persuaded that the car was not of satisfactory quality at the time of supply.

### **Putting things right**

Having made that finding, I need to decide what, if anything, Northridge should do to put things right.

The Consumer Rights Act sets out the remedies available where goods are considered not to be of satisfactory quality and one of the remedies is to allow one opportunity to repair the goods. That repair should be done in a reasonable time, and without significant inconvenience to the consumer.

There have been several attempts to repair Mr R's car already, and it hasn't been returned to a satisfactory condition. So, all things considered, I think Mr R should be allowed his final right to reject the car. This means that the car is collected from Mr R, the finance agreement is brought to an end, and Mr R has his £2,690 deposit refunded (plus interest). Any adverse information should be removed from Mr R's credit file.

Our investigator recommended that 10% of Mr R's monthly payments should be refunded. Mr R has said that he continued to use the car for the most part whilst it was in his possession, and so I think that Northridge can retain his normal monthly payments to reflect this use. However, Mr R has felt unsafe at times in driving the car with the steering issue and has expressed concern about travelling with his family in the car. So, I find that Northridge should refund Mr R 10% of his monthly payments from March 2023 to the date of settlement to reflect this loss of use (plus interest).

Mr R has been put to distress and inconvenience in being supplied with a car that wasn't of satisfactory quality. He's had to spend time taking the vehicle to be diagnosed and repaired has expressed his concern at being without a suitable replacement vehicle. Our investigator

recommended that Northridge pay Mr R £100 compensation to reflect this. All things considered, I think £100 fairly reflects the distress and inconvenience caused to Mr R.

### **My final decision**

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

- End the agreement with nothing further for Mr R to pay
- Collect the car (if this has not been done already) at no further cost to Mr R
- Refund the Mr R's deposit of £2,690 plus 8% simple yearly interest from the date of payment to the date of the refund
- Refund 10% of Mr R's monthly payments from March 2023 until the agreement is ended to reflect the loss of use caused by the fault, plus 8% simple yearly interest from the date of payment to the date of the refund
- Pay Mr R £100 compensation to reflect the distress and inconvenience caused
- Remove any adverse information from Mr R's credit file in relation to the agreement

If Northridge considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr R how much it's taken off. It should also give Mr R 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 R to accept or reject my decision before 4 July 2024.

Zoe Merriman  
**Ombudsman**