

The complaint

Mr W 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 September 2022 Mr W acquired a used car through a hire purchase agreement financed by Northridge.

Mr W said when he acquired the car, he drove around ten miles from the dealership before it went into limp mode. He said the dealership agreed to fix the problem and deliver the car to Mr W at his home address the following week. Mr W didn't receive any paperwork in respect of the repair, and the dealership is no longer trading so he's unable to obtain any.

In June 2023 Mr W said the car went into limp mode again and the engine management light was illuminated on the dashboard. He took the car to a manufacturer garage, who said there'd been unauthorised software installed on the car.

The car had travelled 31,693 miles when it was supplied to Mr W, and the software was installed at 31,723 miles, 30 miles later. Mr W said he believes the dealership installed the software after the car first went into limp mode.

The manufacturer garage provided a repair estimate to Mr W. They said they repairs were required to the nox sensor, piston cooling oil control, EGR valve and the timing chain required replacement as it was stretched, and the guides were worn.

Mr W complained to Northridge about the quality of the car in June 2023. Mr W said he needed the car and so he borrowed £4,444.41 to pay for the repairs in early July 2023.

Northridge wrote to Mr W in mid-July 2023. They said because the fault had occurred more than six months after he acquired the car, he'd need to provide evidence that it was present or developing at the point of sale. They asked Mr W for an inspection report. Mr W provided the diagnostic report from the manufacturer garage. Northridge said they weren't provided with any evidence the faults were present or developing at the point of supply.

Unhappy with this, Mr W brought his complaint to this service. He said he'd like the cost of the repairs refunded.

Our investigator gave his view that there was sufficient evidence to persuade him that the car wasn't of satisfactory quality at the time it was supplied to Mr W. He said the issues with the fault codes and the timing chain meant the car wasn't reasonably durable, and so Northridge should refund the cost of the repairs Mr W had paid for, plus 8% interest. He said Mr W had been without the car for a week during investigations and repairs, and so Northridge should refund one week of his monthly payments, plus 8% interest. He also asked Northridge to pay Mr W £100 compensation to reflect the distress and inconvenience caused and remove any adverse information about the agreement from Mr W's credit file.

Mr W accepted our investigators view.

Northridge didn't respond to our investigators view, or a reminder sent two weeks later. So, as an agreement can't be reached 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 £25,000. It was around five 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, higher mileage, vehicle.

Mr W has said that he thinks the dealership installed unauthorised software when the car first went into limp mode. Northridge said Mr W has been able to use the car for around 9 months and 6,000 miles before he encountered a problem, and they can't be held responsible for software that appears to have been installed after the vehicle was supplied, which appears to have hidden any faults.

I can see that the software was installed around 30 miles after Mr W acquired the car. Mr W says the dealership completed some repairs, but there isn't any evidence of what work was completed. As I can't say for sure exactly what happened with the software installation, I've focussed my decision on the overall quality of the car, regardless of the software.

I've seen evidence that the vehicle had faults relating to the nox sensor, piston cooling oil control, camshaft sensors and heater. I've also seen evidence that the timing chain was stretched, and the guides were worn, meaning that it required replacement.

Considering the price, age and mileage of the vehicle, I'm satisfied that a reasonable person wouldn't expect to encounter these issues so soon, or for the timing chain to need to be replaced at such an age and mileage.

On the balance of probabilities, I'm persuaded that the car was not reasonably durable, and therefore 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 an opportunity to repair the goods. That repair should be done in a reasonable time, and without significant inconvenience to the consumer.

Mr W has paid for the repairs to be completed. He required use of the car, and so I think this was reasonable in the circumstances. I've seen evidence that Mr W paid £4,444.41 for the repairs. The repairs were a result of the vehicle being unsatisfactory quality at the point of supply, so Northridge should refund Mr W for this amount, plus 8% simple yearly interest from the date of payment to the date of settlement.

Mr W was without the use of the vehicle for a week while investigations and repairs took place in July 2023, so I'm satisfied that Northridge should refund one week of Mr W's payments to reflect this loss of use, plus 8% simple yearly interest from the date of payment to the date of settlement.

Mr W 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 having the faults diagnosed and repaired. Our investigator recommended that Northridge pay Mr W £100 compensation to reflect this. All things considered, I think £100 fairly reflects the distress and inconvenience caused to Mr W.

My final decision

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

- Refund Mr W £4,444.41 for the cost of the repair, plus 8% simple yearly interest from the date of payment to the date of settlement.
- Refund one week of Mr W's July 2023 monthly payment, plus 8% simple yearly interest from the date of payment to the date of settlement.
- Pay Mr W £100 compensation to reflect the distress and inconvenience caused.
- Remove any adverse information from Mr W'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 W how much it's taken off. It should also give Mr W 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 W to accept or reject my decision before 23 April 2024.

Zoe Merriman
Ombudsman

