

## **The complaint**

Ms A complains about the way N.I.I.B. Group Limited trading as Northridge Finance (“Northridge”) dealt with her claim that a car it supplied to her under a hire-purchase agreement wasn’t of satisfactory quality.

Ms A is supported in bringing the complaint by her husband, who has been party to much of the claim and complaint correspondence. For ease of reading, I’ll refer to all such communications as being with Ms A, whether conducted by her or her husband.

## **What happened**

In February 2023 Ms A got a car on sale at a dealer “D”, using the services of a third party broker “B”, financing it by means of a hire-purchase arrangement she entered into with Northridge. Shortly after collection Ms A noticed some problems with mould and damp inside the car. Although these were rectified, a few months later Ms A found there was water ingress to the car and problems with the stop/start function, among other issues.

Ms A returned the car to the dealer in July 2023, who diagnosed faults and undertook to repair the car. Work on the vehicle was eventually completed in April 2024 and I understand Ms A has since collected it from the dealer. However, she remains unhappy with the difficulties the matter caused to her, particularly in light of the time taken to repair the car. While Ms A initially sought to reject the car, it has now been repaired and so she wants Northridge to compensate her for her out of pocket costs and inconvenience.

Our investigator considered there had been a breach of the Consumer Rights Act 2015 (“CRA”) obligation to ensure goods – in this case, the car – supplied to a consumer are of satisfactory quality. Ms A’s evidence was supported by D’s investigation and the subsequent work carried out on the car. Northridge was the supplier of the car under the hire-purchase agreement, and as such was liable for Ms A’s claim.

After noting the repairs carried out on the car, the investigator thought it fair that Northridge compensate Ms A for the impairment to the use she’d been able to make of the car while it had been in for repair. He assessed fair compensation based on the periods during which Ms A had no use of the vehicle, factoring in periods where she’d had the use of a courtesy car (albeit a less prestigious model). He also proposed that Northridge reimburse some of the other out of pocket expenses Ms A incurred, such as travel costs to return the car and to pick up courtesy vehicles, as well as to compensate her for her own time and inconvenience.

Northridge told us it was in agreement with the proposed outcome, but that D – through B – had said it disagreed and was uncomfortable with the redress our investigator suggested. D said it wasn’t given the opportunity to provide its version of events. Based on this, Northridge has asked for this review.

## **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.

I'm conscious that Northridge's response to our investigator was based on the stance taken by B and D. Given the amount of time that the dispute has been ongoing, I think it's fair to say that Northridge had sufficient opportunity to obtain evidence from those parties if it wished to mount a defence to the claim, or to the redress proposed. If it didn't do so, that is a matter for it – rather than me – to address with B and/or D.

The hire-purchase agreement in this case is a regulated consumer credit agreement, which means that complaints arising from it fall within the my power to deal with. As I've already noted, Northridge is the supplier of the car under this type of agreement and carries responsibility for matters such as whether it was of satisfactory quality.

For clarity, the CRA says that a contract to supply goods to a consumer is to be taken as including a term that the quality of the goods is satisfactory. Whether goods are of satisfactory quality is determined by reference to whether they meet the standard a reasonable person would consider satisfactory, taking account of matters such as price and description, and includes (among other things) matters such as appearance and finish, freedom from minor defects, safety and durability.

Ms A's claim is that the car Northridge supplied to her failed to meet at least some of these requirements, and therefore that it was not of satisfactory quality. Northridge hasn't offered any evidence to the contrary. D's investigation confirmed the faults Ms A had identified and there was nothing within the documents provided to me that suggests the presumption set out in section 20(14) of the CRA – effectively, that the faults identified were present at point of supply – doesn't apply in this case. In light of this, I see no reason to conclude other than that the car was not of satisfactory quality, as Ms A has claimed.

The CRA sets out a range of potential remedies under section 19(3), as well as other remedies that might be open to Ms A. Ms A raised her concerns more than 30 days after she took delivery of the car, so the short-term right to reject isn't at play here. That would mean Ms A would be entitled to exercise her section 23 right to seek repair or replacement. And D has carried out that repair. Ms A has possession of the car, and as far as I'm aware it now conforms to contract. So I don't need to make any direction in respect of that remedy.

But bringing the vehicle up to satisfactory quality simply means the breach has been rectified. That doesn't prevent Ms A from recovering other costs, and I'm not persuaded that action alone properly addresses the difficulties she experienced. I appreciate there was a delay in effecting the repair due to the availability of a key replacement part, and for a proportion of the time taken Ms A was kept mobile by means of a courtesy vehicle. Nevertheless, there was a significant period during which Ms A was paying for a car that she didn't have the use of, and while the courtesy vehicle served a purpose, it wasn't what Northridge contracted to supply to her under the agreement.

With this in mind, I think our investigator's proposal that Northridge refund with interest the payments Ms A made under the agreement for the period she had no car, and a proportionate refund for those periods in which she had the use of a courtesy car is a fair way to reflect the impairment to her use of the car. Had the car been of satisfactory quality Ms A would not have incurred the travel costs associated with returning it and with the courtesy vehicles. So I think it's fair that Northridge also reimburses those costs that Ms A has been able to evidence, totalling £69.48, again with interest.

Further, like our investigator, I can see that Ms A has been put to material inconvenience and some degree of distress in her efforts to sort out what ought, for Northridge, to have been a relatively straightforward issue. It seems to me only right that Northridge should

compensate Ms A for this, as our rules provide that I may. I think the investigator's proposal of £300 in this respect is a reasonable sum.

I'm aware from Ms A's submissions that there might be further claims or action she is considering pursuing with other parties that have had involvement with the car. Ms A should be aware that payment she receives from Northridge in complying with this decision could have a bearing on any such claim she might be looking to make against any other party.

### **My final decision**

For the reasons I've set out here, my final decision is that I uphold this complaint. To settle it, I direct N.I.I.B. Group Limited trading as Northridge Finance to take the following steps:

1. Pay Ms A £3,103.65, representing a refund of payments for the 75 days Ms A was paying for the car but had no use of it or any courtesy vehicle;
2. Pay Ms A £1,059.38, representing a refund of 20% of the payments for the 128 days that Ms A had the use of a courtesy car of a lesser standard than the car she expected to have use of under the contract;
3. Pay Ms A £69.48 in respect of additional travel costs she has been able to show she incurred on 14 August 2023;
4. Pay interest on the sums in 1. to 3. above, at a rate of 8% simple per year, to reflect the time Ms A has been without the use of this money. If Northridge deducts tax from the interest element of this award, it should provide Ms A with a tax deduction certificate, should she ask for one.

For the purposes of calculating this interest, Northridge should use the dates on which Ms A made each respective payment until the date it pays this settlement.

Where the impaired use falls within a range of dates and payments, as it will for the sums in 1. and 2., Northridge should use a starting date that reflects the payment falling closest to the point at which each period of impaired use began; and

5. Pay Ms A £300 in recognition of her distress and inconvenience

As I understand it, Ms A has maintained contractual payments throughout the period of the dispute, and I haven't seen anything to suggest that any adverse payment information has been recorded on her credit file. However, if I'm wrong in this respect, any late or missed payment information that has been recorded should be removed as part of the above resolution.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 21 August 2024.

Niall Taylor  
**Ombudsman**