

## **The complaint**

Mr C complains NIIB Group Limited trading as Northridge Finance Limited (Northridge) supplied him with a car that he believes wasn't of satisfactory quality.

## **What happened**

In February 2022, Mr C entered into a 48 month hire purchase agreement for a used car. The car's cash price was around £9,500, it was over six years old and had travelled around 95,000 miles. He paid a cash deposit of £1,00 and the rest was financed by a loan with Northridge. The monthly instalments were around £210.

Around a month later, Mr C reported engine management lights were appearing on the dashboard. He was told to return the car to the dealership. After checking it, they found the engine needed to be replaced. The dealership said the reason for this was because it was starved of oil and it was continuously driven in limp mode, meaning it was caused by Mr C's actions.

After some back and forth, it was agreed in May 2022 that the engine would be replaced with a re-conditioned one. The warranty company said they would pay £1,000 (which was the policy limit), the dealership would pay £1,000 and Northridge would pay £500. That left a shortfall of around £1,500 which Mr C had to pay.

The repair was carried out in December 2022 and the turbo was also replaced at an additional cost as another fault was found.

Within a day of collecting the car, Mr C reported the same issues with the engine management lights. It was returned to the dealership and they said there was a fault with a sensor which needed to be replaced. He complained and requested to reject the car. He said Northridge failed to respond and ignored his attempts to speak to him.

Further repairs were carried and the car was returned to Mr C around August 2023.

Unhappy with the timeline of events and Northridge's actions, the complaint was referred to our service. Our investigator recommended the complaint was upheld. He concluded due to the faults with the engine, the car wasn't of satisfactory quality at supply and the repairs hadn't fixed the issue. He said rejection should be allowed, all the monthly payments to be refunded as he had limited use of the car, amongst other things.

Northridge disagreed. They said Mr C didn't have the right to reject the car as he had accepted the repairs.

Since then, Mr C has provided photos and videos of more faults with the car in November 2023 which our service made Northridge aware of.

In January 2024, I issued my provisional decision outlining my intentions to uphold the complaint. I said:

*“Mr C was supplied with a used car that was over six years old and covered around 95,000 miles. For used cars, it’s reasonable to expect parts may already have suffered notable wear and tear and may need repair and/or maintenance sooner than a car which wasn’t as road-worn when it was supplied.*

*Based on the submissions of all parties concerned, it’s clear there was a fault with the engine. While I appreciate the age and mileage of the car, I need to consider how durable it was. I don’t believe a reasonable person would expect to experience such an issue within a few weeks of acquiring a car. To my mind, that would suggest the fault was present or developing at supply meaning the car wasn’t reasonably durable.*

*I’ve seen the dealership’s comments that they believed the reason for the engine failure was due to oil starvation and it being continuously driven in limp mode. However I don’t find it’s fair to place blame on Mr C, I say this because having seen the car’s pre-inspection report, it says it had been serviced and specifically “Oil and oil filter service change completed”. This would suggest the oil was inspected and topped up before it was supplied. So I don’t find the suggestion Mr C caused the oil starvation is a plausible one especially given the relatively short period of time he had the car. Moreover, there is insufficient evidence it had been continuously driven in limp mode as alleged.*

*On balance, I find the fault with the engine meant the car wasn’t reasonably durable therefore it wasn’t of satisfactory quality at supply. Meaning there was a breach of contract. Where that happens and it’s outside the short time right to reject (30 days), the CRA allows one opportunity to repair. I would expect that to be at no cost to Mr C and to be carried out in a reasonable period of time. In this case, that didn’t happen. Mr C was required to pay around £1,500 for the repair (which was the largest contribution) and it took several months for it to be completed. I consider that to be a significant amount of time and I note during that period, he was left without a car and had to arrange alternative travel which inevitably caused him considerable inconvenience and costs were incurred.*

*Once the car was returned in December 2022, almost immediately afterwards a further fault with a sensor was found. I wish to make it clear, the opportunity to repair as outlined in the CRA is for the whole car not for each individual fault. So in this case, I find the repair failed and there remained a further fault with the car.*

*From my understanding, the car was returned to the dealership. Mr C says around this time, he asked to reject the car but his requests were either denied or not responded to by Northridge. From their contact notes, I can see the extent in which he was trying to speak to somebody about what was happening. Northridge has argued Mr C lost the right to rejection as he had accepted the repairs and that was communicated to the dealership. But I’ve seen insufficient evidence of the same. Even if I was to accept that to be true, those repairs weren’t carried out in a reasonable period of time, (the car was returned in August 2023). That wasn’t fair on Mr C. Based on the time of events. I don’t find the repeated repair attempts were reasonable.*

*More recently, I’ve seen photos and videos of further faults with the car from November 2023. The video shows the car fell into limp mode while driving and there is a diesel particulate filter (DPF) warning. This further supports my decision that rejection is the right course of action to resolve this complaint.*

*Putting things right*

*Northridge should end the agreement, collect the car from Mr C and remove any adverse information from his credit file. They should also refund the cash deposit and the amount he paid for the engine repair.*

*As mentioned above there are significant periods of time where Mr C was left without the car because it was returned to the dealership due to the faults – February 2022 to December 2022 and January 2023 to August 2023. During that time, he was left without a car but he says he continued to pay the monthly instalments, pay tax and insure the car.*

*The car was returned to Mr C in August 2023 and from my understanding he's been able to use it since although another fault appeared in November 2023. At the time of writing this decision, he has provided a photo of the odometer and I can see he has covered around 6,000 miles since he entered into the agreement. To compensate him for the time he was left without the car and the other costs incurred, I intend to say Northridge must refund all the monthly instalments paid from inception up to August 2023. I find it's fair Mr C pays for the months thereafter in which he used the car.*

*I've also thought about the likely impact of this situation on Mr C. This includes the inconvenience of being left without a car for a considerable amount of time, multiple trips to the dealership, the extent of the communication attempts to Northridge, organising alternative travel and paying a fine for the car not being taxed and/or MOT'd (because it was with the garage). For this I intend to say Northridge needs to pay £300 compensation"*

### **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.

Neither party responded to the provisional decision. On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

### **My final decision**

For the reasons set out above, I intend to uphold Mr C's complaint.

To put things right, I intend to say NIIB Group Limited trading as Northridge Finance Limited must:

- End the agreement with nothing further for Mr C to pay;
- Collect the car at no cost to Mr C;
- Refund the cash deposit\*;
- Refund the amount Mr C paid for the engine repair\*;
- Refund all the monthly instalments paid from inception up to August 2023\*;
- Pay 8% simple interest per annum on all the above refunds from the date of payment to the date of settlement;
- Remove any adverse information about this agreement from Mr C's credit file;
- Pay £300 compensation to Mr C for the trouble and upset caused.

\*If NIIB Group Limited trading as Northridge Finance Limited considers tax should be deducted from the interest part of my award it should provide Mr C with a certificate showing how much it has taken off, so he 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 C to accept or reject my decision before 25 March 2024.

Simona Reese  
**Ombudsman**