

The complaint

Mr S is unhappy that a car supplied to him under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance was of an unsatisfactory quality.

What happened

On 25 January 2023, Mr S was supplied with a used car through a hire purchase agreement with Northridge. He paid a £4,000 deposit and the agreement was for £34,950 over 49 months, with 48 monthly payments of £606.46 and a final payment of £17,110. At the time of supply, the car was just over three years old, and had done 14,022 miles (according to the MOT record for 25 January 2023).

Mr S wasn't happy with either the paintwork or the alloy wheels on the car, or that the oil level was showing as being too high. He complained to the supplying dealership, but they didn't respond. So, on 26 January 2023 Mr S paid £129 for the oil in the car to be drained and filled to the correct level with a manufacturer's approved oil. On 1 February 2023 he also paid £204 for the alloys to be refurbished.

In May 2014, Mr S complained to the dealership about a missing cup holder. The dealership confirmed that it would cost Mr S over £400 to have the centre console replaced to fix this issue, and he chose not to go ahead with this. He raised this matter with Northridge, but they didn't respond to him.

In August 2023 Mr S complained about a headlight fogging up. This was diagnosed as being due to *"water leaking out of the wiring connector & allowing moisture in."* The diagnosis also said there was evidence of impact damage around the headlight, and that the front bumper had been repainted. As this headlight wasn't covered under warranty, Mr S was told it would cost £1,781.83 to replace. At this point the car had done 15,811 miles – 1,809 miles since it was supplied to Mr S.

Unhappy with the quality of the car, Mr S complained to Northridge. He was also unhappy that he'd not been told the car had previously been in an accident. However, Northridge didn't respond to Mr S's complaint, so he brought it to the Financial Ombudsman Service for investigation.

Northridge didn't co-operate with our investigation, despite having a regulatory obligation to do so. As such, our investigator based their opinion on the evidence that had been supplied by Mr S. The investigator said that the Consumer Rights Act 2015 ('CRA') said goods should be free from any defect that makes their quality unsatisfactory and that would not be apparent on a reasonable examination. So, as Mr S had examined the car before it was supplied to him; and as the issues with the paintwork, alloy wheels, and missing cup holder were apparent upon examination; then these weren't issues where Northridge needed to take any further action.

However, the investigator said that the issue with the overfilling of the oil was present when the car was supplied to Mr S, so Northridge should refund him the cost of repair. What's

more, the investigator was satisfied that the issue with the headlight was developing when the car was supplied to Mr S, so they thought Northridge should cover the cost of the repair.

Finally, the investigator said that Northridge should also pay Mr S an additional £100 for the distress and inconvenience he'd been caused by being supplied with faulty goods.

Northridge didn't agree with the investigator's opinion. They said that Mr S hadn't contacted the dealership about any faults within six months of the car being supplied, so it was for Mr S to prove they had liability. They also said that, if there was a fault with the headlights, they would expect this to show as an MOT failure point, and it hadn't. Because Mr S didn't agree, this matter has been passed to me to make a final 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 reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr S was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The CRA says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Northridge are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Northridge can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr S to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr S took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Northridge to put this right.

Based on the comments I've seen from Northridge, it's clear they aren't disputing the car was overfilled with oil when it was supplied. And Mr S hasn't objected to the investigator's comments that Northridge aren't responsible for the cosmetic issues with the car. As such, my decision will focus on the one remaining item of dispute – the headlight.

Mr S has provided evidence of a fault with the headlight, and a manufacturer's approved garage have said that impact damage has caused water ingress. In addition to this, Mr S has

also provided photographic evidence, dated 13 December 2023, of the fogged headlight. Given this, I'm satisfied there was a fault with the headlight.

Northridge have said that, had there been a fault with the headlight, this would've resulted in an MOT failure. The car underwent an MOT test on 25 January 2023 and 6 December 2023, and neither of these tests failed or had any advisories relating to headlights. I've reviewed the MOT requirements for headlights, and these will cause an MOT failure if the light isn't working, if the lens is defective, if there is an alignment issue, or if the colour, position, or intensity of the light is not in accordance with the requirements. However, water ingress causing moisture is not a failure point. As such, I'm satisfied that the fault with the headlight that was diagnosed in August 2023 would not result in it being flagged on an MOT test.

As the evidence shows that a fault with the headlight exists, I've considered when the impact damage that caused it is most likely to have happened. Mr S was in possession of the car for seven months, and around 1,800 miles, before the headlight issue was diagnosed. However, the diagnosis of the impact damage also refers to the front bumper obviously being repainted. And this repainting is most likely to have happened after the impact damage.

While it's not something I am holding Northridge responsible for, for the reasons already given, Mr S did complain about the quality of the paintwork within a few days of being supplied with the car. As such, if he'd been involved in an accident that caused the impact damage to the headlight, both the accident and repairs would've had to take place within less than a week of the car being supplied for Mr S to have raised the issue with the paintwork when he did; and had this been the case he would've gone back to whoever repaired the car about the paintwork issues, not the supplying dealership.

Given this, I'm satisfied it's more likely than not that the impact damage to the headlight took place before the car was supplied to Mr S, and Northridge are therefore responsible for the repairs.

Putting things right

Mr S has provided evidence of the cost he's incurred due to the car being overfilled with oil at the point of supply. As such, I think it's only fair that Northridge reimburse him for the cost of this repair. If Mr S has, during the course of this investigation, had the headlight repaired, Northridge should also reimburse the cost of this. However, if the headlight hasn't been repaired, Northridge should arrange for the repair, at no cost to Mr S, without undue delay.

Finally, it's clear that Mr S has been inconvenienced by having to arrange for the faults with the car to be diagnosed and, where applicable, repaired. So, I think Northridge should compensate him for this. The investigator had recommended Northridge pay him £100, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, Northridge should:

- reimburse Mr S with the £129 he paid to have the oil drained and refilled on 26 January 2023;
- if the headlight has been repaired, upon proof of payment, reimburse Mr S with the cost of this repair; or
- if the headlight hasn't been repaired, arrange for this repair to be done at no cost to Mr S, and without undue delay;
- apply 8% simple yearly interest on the reimbursement(s), calculated from the date Mr S made the payment(s) to the date of the reimbursement[†]; and

- pay Mr S an additional £100 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

†If HM Revenue & Customs requires Northridge to take off tax from this interest, Northridge must give Mr S a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr S's complaint about N.I.I.B. Group Limited trading as Northridge Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 May 2024.

Andrew Burford
Ombudsman