

The complaint

Mr A's complaint is that a car supplied to him under a hire purchase agreement ('HPA') with N.I.I.B. Group Limited trading as Northridge Finance ('Northridge') was not of satisfactory quality. He also complains about poor after sales service and lack of or delayed response to his complaints. Mr A wishes to return the car and terminate the HPA.

When I refer to what Mr A has said and what Northridge has said, it should also be taken to include things said on their behalf.

What happened

On or about 12 June 2023, Mr A was supplied with a used car pursuant to the HPA. The cash price for the car was £15,439.00; Mr A paid a deposit of £1,000.00 and under the HPA he was provided with credit of £14,439.00; interest charges were £5,208.59, so that the total amount payable was £19,657.59 over 60 months via 58 monthly payments of £333.01 starting one month after the date of the HPA and a final payment of £343.01. At the time of supply, the car was around 7 years old and had done 59,516 miles.

Mr A said that from the date of supply he experienced problems with the car. He said he was never provided with a spare key and that there were problems with the car's infotainment system when driving back home. He reported this to the dealer immediately. Shortly after this he also complained of problems with a brake wear sensor. He raised these problems with Northridge and the dealer, and says they were slow to respond. It seems that he was promised the car would be booked into his local dealer for a diagnostic check. In the meantime, he contacted the car manufacturer's customer services complaints department to complain about poor after sales care. They replied to him on 2 August and said they were sorry, had opened an investigation and since the car was currently at *'the bodyshop'* the case had been put on hold for 2 weeks. It appears that the car was taken for the diagnostic check and the problems reported were repaired on 5 September 2023, free of charge; however, a spare key was still not provided, despite promises that it would be.

On 7 September 2023 Mr A complained to the manufacturer's customer service complaints department again about his experience and the continued failure to provide a spare key. In light of this, customer services provided him with a £150.00 John Lewis gift voucher as a gesture of goodwill. They said that a spare key had been provided but Mr A refuted this. Customer Services took up the matter with the dealer and in October they said they understood the problem had been rectified but Mr A said the issue had still not been resolved.

Thereafter Mr A said that the car developed an issue with a malfunctioning windscreen washer pressure pump which was blocked and caused warning lights to appear on the dashboard. As I understand it, the pump was blocked and cleared free of charge during a service and as a result the warning lights disappeared.

On or about 14 December Mr A complained again to the customer services complaints department and said he no longer wanted the car. They investigated the matter. Their notes

record that: *“whilst this may have been a frustrating situation we do not believe there are grounds for rejection.”*

On 6 February 2024 Northridge issued its final response letter to Mr A. They said that they had not finished their investigation and that Mr A could now refer the matter to this Service if he wished to do so. Mr A submitted his complaint to this Service on 9 February. He said that he was not happy with the lack of contact with the business, the handling of his case but also the faults on the vehicle and that he would like Northridge to take the vehicle back.

The matter was referred to one of our investigators. She issued her initial view on 23 March 2024. She said that she didn't think the car was of satisfactory quality at the point of supply but because repairs had resolved the issues with the car, she thought that repair was fairer remedy than rejection or replacement. Nevertheless, she recognised that because Northridge had supplied Mr A with a car which wasn't of satisfactory quality, he had experienced distress and inconvenience and to put things right she said in conclusion that Northridge should:

- provide a spare key (as promised);
- pay a further amount of £150.00 for any distress or inconvenience caused due to the faulty goods; and
- remove any adverse information from Mr A's credit file in relation to the HPA.

On 3 May 2024 Mr A contacted our investigator and confirmed he was still having problems with the car including that the windscreen washer pressure pump problem had reoccurred. A diagnosis was requested, and a diagnostic report was provided with an accompanying invoice, which included a charge for labour only of £90.00. The invoice confirmed the pump was blocked and was removed, cleaned and refitted. The invoice also referred to a ball joint boot split that *'needs a suspension arm'*. The diagnostic report included a number of stored fault codes.

After receipt of this further evidence our investigator issued a second assessment. Her conclusion in the second assessment was broadly the same as her conclusion in the first. As regard the matters reported in May 2024, she said that: the clearing of the blocked pump did not constitute a failed repair; the ball joint boot split was likely due to natural and inevitable wear and tear; and these issues and the fault codes wouldn't be enough to make the car of unsatisfactory quality.

Northridge accepted the investigator's proposed outcome, but Mr A did not. He said that Northridge has taken an unreasonably long time to respond to his complaint and had failed to communicate properly with him from the beginning of the contract. He complained of Northridge's lack of proactive engagement and responsiveness and asked for the matter to be referred to an ombudsman. Hence 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 our 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. The HPA is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Complaint handling

Before I explain why I've reached my decision, I think it's extremely important for me to set out exactly what I've been able to consider here, and how. I note Mr A has complained consistently about how the dealer and Northridge handled and responded to his complaint. I can understand his frustration about this, but complaint handling is not a regulated activity in and of itself and so, falls outside of our Service's jurisdiction to consider. So, the way the dealer and Northridge handled Mr A's complaint hasn't been considered as part of my decision.

Satisfactory quality

The Consumer Rights Act 2015 ('CRA') covers agreements such as Mr A's HPA. Under the HPA, there's an implied term that the goods supplied will be of satisfactory quality. And the CRA says that goods will be considered of satisfactory quality when they meet the standard that a reasonable person would consider satisfactory, taking into account the description of the goods, the price paid and other relevant circumstances. I think that in this case these circumstances include, but are not limited to, the age, the cash price and the mileage of the car.

The CRA also says that the quality of good includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish and freedom from minor defects, safety and durability.

So, if I thought the car was faulty when it was supplied and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Northridge to put this right.

Mr A was supplied with a used car that was over 7 years old, with a cash price of £15,439.00 and mileage of almost 60,000 at the time of supply. I think it is reasonable to expect the car to have had some wear because of its age and I'd have different expectations of it compared to a brand-new car. And as with any car there will be ongoing maintenance and upkeep costs - parts will wear over time and it's reasonable to expect these may need to be replaced. So, Northridge wouldn't be responsible for anything that was due to normal wear and tear after the date of supply. Nevertheless, given the age, price and mileage of the car at that date I think it's fair to say that a reasonable person wouldn't expect anything significant to be wrong shortly after it was supplied.

In Mr A's case, it's not disputed there were problems with the car when it was supplied, as was confirmed by the diagnostic check and the repairs that were undertaken to a brake pad sensor and infotainment system in September 2023. And, due to these issues I agree with our investigator that the car was not of satisfactory quality when it was supplied.

Later, in 2023 problems were reported with the blocked windscreen washer pump which caused warning lights to appear on the dashboard; I understand these problems were fixed during a service. However, in my view it's not been clearly established that the blockage was due to a fault which had likely been present at the point of supply. Given the age and mileage of the car when supplied and the time and distance travelled subsequently, I'm not persuaded that the blocked pump would make the car of unsatisfactory quality.

The CRA says that when goods are not of satisfactory quality, the consumer can require Northridge to fix defects. Mr A has told us that the problems reported in 2023 were repaired, and it has been confirmed that Mr A was provided with gift vouchers to a value of £150.00 as a goodwill gesture. Given the repairs were successful I think this was fair and reasonable and in line with what I would expect. I also think that in the circumstances rejection would not be an appropriate outcome.

Problems reported in May 2024.

After the Investigator issued her initial view Mr A reported further issues in May 2024, as noted above. By this time Mr A had had the car for nearly 12 months and it had covered 73,649 miles, over 13,600 miles since the time of supply.

Although the window screen washer pressure pump blockage was described as a reoccurrence of any earlier problem given that I don't think the initial problem experienced with the washer pressure pump had made the car of unsatisfactory quality, I also don't find that a recurrence of the same problem does either.

As regards the wear to the bottom ball joint boot split, I agree with our investigator that this was most likely due to natural and inevitable wear and tear; and given this item had not been reported previously it does not in my view demonstrate that the car was of unsatisfactory quality at the time of supply.

Mr A has also provided a diagnostic report which shows some fault code errors. I agree with our investigator's view that the codes do not of themselves constitute sufficient evidence to demonstrate that the car was of unsatisfactory quality at the time of supply. Moreover, I also need to take into account that by this point, the car had travelled in excess of 13,000 miles from the point of supply. So, even if I were to accept the car now has faults, I'm not persuaded they were present when the car was supplied, nor that it means the car is of unsatisfactory quality.

In conclusion, and based on the available evidence, I consider that the issues reported in May 2024 were likely not present at the time of supply, and for the reasons explained, I agree with our investigator that Northridge should not be held responsible for them. And I find that they are not relevant to and do not demonstrate that the car was of unsatisfactory quality at the time of supply.

Putting things right

Distress and inconvenience

It's clear that Mr A has been distressed by the failure to provide a spare key, by problems with the car and inconvenienced by having to arrange for the car to be repaired in September 2023.

This would not have happened had Northridge supplied him with a car that was of a satisfactory quality, and otherwise complied with its obligations related to the spare key: Mr A has said that he was promised a spare key and given that Northridge accepted our investigator's proposed remedy, I don't think that's disputed.

In conclusion I agree with our investigator that Northridge should:

- provide a spare key or cover the cost of supplying a replacement;
- pay a further amount of £150.00 for any distress or inconvenience that's been caused due to the faulty goods; and

- remove any adverse information from Mr A's credit file in relation to the HPA.

My final decision

For the reasons explained, my final decision is that I uphold Mr A's complaint and direct N.I.I.B. Group Limited t/a as Northridge Finance to settle this complaint in accordance with the putting things right section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 December 2024.

Michael Hoggan
Ombudsman