

The complaint

Miss C complains about the quality of a used car that was supplied through a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance (Northridge).

Miss C has been represented on this complaint. But to keep things simple I'll only refer to Miss C in my decision.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In January 2023, Miss C acquired a used car through a hire purchase agreement with Northridge. The car was about four years old and had travelled 37,000 miles when it was supplied to Miss C. The cash price of the car was £22,143. Miss C made an advanced payment of £2,500, so the total amount financed on the agreement was £19,643 payable over 49 months.

Miss C said the coolant radiator was damaged and leaking, and the air conditioner radiator was also damaged which affected the air conditioning. Miss C said she reported the issues to the dealership and paid for two quotes, to provide to the dealership as evidence of the faults. Miss C says the dealership hasn't responded to her.

Miss C said she was told by the dealership sales manager that the car had to be topped up with coolant prior to delivery. To resolve the issues Miss C says she wants the car to be repaired and for compensation to be paid to her.

Miss C provided an invoice dated 22 March 2023 for £777.18 for a Radiator, Aircon condenser, coolant and Air conditioning re Gas, and a further invoice dated 16 March 2023 for £756.83 for the same repairs.

Northridge didn't provide Miss C with a final response, so in June 2023 she brought her complaint to our service for investigation.

Having considered all the information on file, one of our investigators recommended that Miss C's complaint should be upheld. The investigator concluded that there were issues with the car which they felt made it of unsatisfactory quality when it was supplied. To resolve things the investigator recommended that Northridge do the following:

- *Pay Miss C for the cost of repairs with 8% simple interest if the repairs have already been carried out*
- *Refund 10% of the monthly rentals for impaired usage from 24 February 2023 when the issues presented itself to the date of repair*
- *Pay 8% simple interest on the refunded amounts; and*
- *Remove any adverse information from Miss C's credit file in relation to the agreement*

As Northridge didn't respond to the investigator's view it's taken that they didn't accept the investigator's assessment, so the complaint has been referred to me for a final decision.

In my provisional decision I explained why I didn't think the complaint should be upheld. The key parts of my provisional findings are copied below:

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss C complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss C's complaint about Northridge. Northridge is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

My starting point is that Northridge supplied Miss C with a used vehicle that had travelled 37,000 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage; and that there may be signs of wear and tear due to its usage which may impact its overall quality and reliability, so there'd be an increased likelihood of unforeseen problems surfacing sooner than in a new vehicle.

Having said that, the car was priced at £22,143 which isn't insignificant. It also wasn't a particularly old vehicle. So, I think it is fair to say that a reasonable person would expect it could offer a reasonable duration without any major issues, for example, if it has been well maintained and serviced.

From the information provided I'm persuaded there was a fault with the car. This is apparent from what Miss C has said in her complaint to us. Although I've seen no expert evidence or testimony diagnosing the specific issues, on balance I don't think it's likely Miss C would have sought two quotations for issues that didn't exist. Northridge hasn't provided any conflicting evidence disputing what Miss C has said, so I think it's likely the car had a faulty coolant and air conditioning radiator.

Having considered the car was faulty, it seems to me there are two key issues for me to consider in relation to this complaint:

1. was the car of satisfactory quality when it was supplied to Miss C
2. if not, what should Northridge do to put things right

Satisfactory quality

In her complaint call to our service, Miss C told us that she raised a complaint with Northridge in March 2023 about the issues with a car that she acquired from them in January 2023. Northridge haven't disputed the issues as described by Miss C, nor have they provided any evidence to contradict what she's said about them. Miss C's description of the situation is quite compelling, and this is supported by the quotations she's provided which were dated within the first few months of the car being supplied. So, although I've seen no definitive expert evidence of the issues, for example in the form of diagnostics, or an independent inspection report, I'm persuaded on balance that the issues as described by Miss C were present.

The car was supplied with 37,000 miles, within three months a quotation shows the car had travelled a further 5,000 miles, and at that point required repairs to the radiators. Research shows that radiators and air conditioning systems tend to have a life expectancy in excess of 10 years. In consideration that Miss C's car was four years old and had a mileage reading of around 41,000 miles at the point of quotation, I'm satisfied that it shouldn't have failed when it did, meaning it wasn't likely to be durable. Under the CRA durability forms part of the quality of a vehicle and so I'm satisfied the car wasn't of satisfactory quality when it was supplied to Miss C.

Putting things right

As I've concluded the car wasn't of satisfactory quality when it was supplied to Miss C, Northridge will have to put things right for her.

The issues with the car occurred over a year ago, and Miss C has indicated that she continued to use the car without repairing it. As such I don't see that she's done anything to mitigate the issue. This means over the past year I'm persuaded the fault is likely to have worsened. Although Northridge is responsible for the quality of the vehicle at the point of supply, Miss C is also responsible for ensuring any known issues are not unreasonably exacerbated. In the circumstances, I don't think it's fair to ask Northridge to pay for repairs at this point, as I think it's likely the full cost of repairs would be more than it was, due to Miss C's continued usage.

In the circumstances, I think the fairest approach is for Northridge to pay Miss C the value of the quotation she obtained previously. I think this fairly reflects Northridge's responsibility for the issues but also recognises Miss C's continued usage of the car which would likely have deteriorated the issues further.

Miss C provided two quotations which she said she had to pay for. One for £777.18 and one for £756.83 both dealing with the same issues. I'll be instructing Northridge to pay Miss C £777.18, the higher value, as I feel it's reasonable to give Miss C the benefit of the doubt that this would have been a reasonable amount to repair the issues at the time.

Miss C told us she had to pay for the quotations. I think it's fair that Northridge reimburse to Miss C the cost of this upon proof of payment. For example, this can be in the form of a receipt, a bank statement showing the amounts coming out or a letter from the garage confirming they received a payment for the quotation. so, I'll be instructing Northridge to do so.

Miss C has also described the need to top up the coolant each week. I'm also aware with the

air conditioning being faulty this would have presented a degree of impaired usage to Miss C in particular during the warmer months. So, I'm in agreement with our investigator that Northridge should refund Miss C 10% of her monthly rentals from when she acquired the car to the point the fault is repaired or of settlement of the quotation value. I acknowledge there's a possibility the fault may have already been repaired in advance of this decision.

I invited both parties to make any further comments.

Northridge didn't respond to my provisional decision. However, Miss C responded to say that she didn't think the condition of the car had worsened with use, and the repairs would be to the same parts. In addition, she explained the labour costs would have significantly increased. Miss C felt the level of compensation I proposed in my provisional decision should be reviewed due to the time passed since the quotations were obtained.

Now both sides have had an opportunity to comment, I can go ahead with my 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.

I acknowledge what Miss C has said about the increase in costs for repairs due to time having passed, however this doesn't change my decision. I haven't seen any expert evidence which persuades me the issues with the car hasn't worsened with use, or that they're restricted to a single component that doesn't experience wear or tear. Nor have I seen anything that makes me think Miss C has tried to mitigate them. So, to instruct Northridge to cover the full cost of repairs, I don't think would be fair, particularly in light of the continued usage Miss C has had of the car.

As explained in my provisional decision, I think this outcome fairly reflects Northridge's responsibility for the quality of the car, but at the same time recognises Miss C's continued usage of the it which would likely have deteriorated the issues further.

I still consider my provisional decision to be fair and reasonable in the circumstances. Neither party has added anything which gives me cause to change these. Therefore, for the reasons as set out above and in my provisional decision, I'm satisfied that the car wasn't of satisfactory quality when it was supplied to Miss C. So, my final decision is the same.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct N.I.I.B. Group Limited trading as Northridge Finance to:

- Pay Miss C the value of the higher quotation (£777.18) as described in my decision
- Reimburse to Miss C the cost of obtaining the two quotations, upon proof of payment as described in my decision.
- Refund 10% of the monthly rentals for impaired usage from when the issues presented itself to the date of repair or settlement of the quotation value (whichever is sooner)
- Remove any adverse information that may have been recorded with the credit reference agencies in respect of the damage.
- Pay to Miss C 8% yearly simple interest on all refunds and reimbursements

calculated from the date of payment to the date of settlement

If N.I.I.B. Group Limited trading as Northridge Finance considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss C how much it's taken off. It should also give Miss C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 15 July 2024.

Benjamin John
Ombudsman