

The complaint

Mr P complains about the quality of a used car he acquired through a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance ('Northridge'). Mr P says that the car 'vibrates' at higher speeds and Northridge has been unable to fix this. He thinks he now should be able to reject the car.

What happened

Mr P's complaint is about the quality of a car he acquired in September 2023. The car was used, and it was first registered November 2017. So, it was about six years old when Mr P received it and it had covered 26,850 miles.

Mr P acquired the car using a hire purchase agreement that was started in September 2023. The vehicle had a retail price of £15,077.18. Mr P paid a £1,077.18 deposit meaning £14,000 was financed.

This agreement was to be repaid through 60 monthly instalments. There were 59 instalments of £287.48 followed by a final repayment of £297.48. If Mr P made repayments in line with the credit agreement, he would need to repay a total of £18,335.98.

Below is a summary of the issues complained about by Mr P and the investigation and repair work that has been carried out by the dealership, alongside what has happened in respect of the complaint.

Mr P says that soon after he started using the car he noticed it would 'vibrate' at high speeds. He complained to the dealership and a repair was attempted in October 2023. It was found that the car had a bulging tyre, and this was repaired (or replaced) at no cost to Mr P.

Mr P says this didn't fix the problem and a second repair was attempted on 22 November 2023. The invoice, and job sheet, for this shows that Mr P had again reported that the car was vibrating at high speed. The wheels were balanced at this time.

Mr P has said the problem wasn't fixed by the wheel balancing, and he continued to correspond with the dealership about this. I can see he had an appointment to get the car looked at again in January 2024, but the dealership has said that he didn't attend this appointment.

In April 2024, Mr P had the car looked at by an independent garage. The report from this garage said that *'2x front wheels buckled. Wheels have been rebalanced due to being out of balance'*. I can't see that any other repairs were made to the car at this point.

And Mr P says he is using the car substantially less than he normally would as he doesn't feel safe driving it. And this is supported by the mileage of the car being recorded as 29,600 in April 2024.

Mr P complained to Northridge about the problems he was having with the car. He said he had taken it to the dealership twice for repairs, but these had not been completed properly. He wanted to reject the car.

Northridge considered this complaint and didn't uphold it. It said that after Mr P first brought this issue to the garage's attention it diagnosed a bulging tyre. The dealership had offered to drive the car at speed to determine the problem, but Mr P hadn't attended this appointment. It thinks that the problem may be the car's tracking. This is not a significant defect and can happen at any time in a car's life. It didn't uphold the complaint.

Mr P didn't agree with this and brought his complaint to the Financial Ombudsman Service. Our Investigator upheld Mr P's complaint. She said that it was likely that the car wasn't of satisfactory quality. This was because she thought it was likely that the wheels were buckled at the time of sale, and this hadn't been repaired by the dealership.

Northridge didn't fully respond to the Investigator although it did provide its business file at this point. I can see from some of the correspondence within the file that the dealership, and Northridge, think that the problem may be related to how the consumer is driving. For example, it thinks that Mr P could be driving frequently over potholes and this could be causing the wheel damage, rather than the problems Mr P was experiencing being an issue with the quality of the car. Just to be clear, Northridge hasn't directly said this to the Financial Ombudsman Service.

As no agreement has been reached 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider would be good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Northridge as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all the other relevant circumstances. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the car's history.

The CRA quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

This car was about six years old when Mr P acquired it and it had travelled about 27,000 miles. I think a reasonable person would accept that such a vehicle would probably have

some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into account its age, price and mileage at the outset. So even though the vehicle wasn't new Mr P should have been able to use it for a reasonable period before it needed significant work.

The crux of this complaint is whether the car had a fault with the wheels (or tyres) at the time of sale. Or were the problems Mr P had with the car developed over time and were possibly due to wear and tear, or Mr P's driving style.

As I've outlined above there is an invoice from a garage that looked at the car in April 2024 that says the front wheels are buckled. I also think it's reasonable to say that damage such as this to the wheels could, and probably would, cause the problems with vibration that Mr P is experiencing with the car at higher speeds.

But this invoice is about seven months after Mr P acquired the car, so I agree that, on its own, it doesn't show that the car was of unsatisfactory quality when it was supplied to Mr P. And it could be that other factors have caused this over time.

That said, Mr P has consistently raised this issue over a period of time. And I don't see why he would have done this if he wasn't experiencing the problems he says he was. As the vibration started very soon into his ownership of the car, I think it's likely that the wheel damage was the root cause of the problem and it had been missed, or not repaired properly, by the dealership when it looked at the car in October and November 2023.

I do understand what Northridge is saying, and it is of course a possibility that Mr P is damaging the car. But the dealership has been in possession of the car twice to repair it, and as far as I can see, it didn't fully determine why the vibration issue was happening. And Northridge doesn't seem to have made any investigation itself or commissioned, for example, a third party report to help it find out if the fault was present at the time of sale.

And what Mr P has said seems reasonable, and he has provided evidence from a third party garage that supports what he is saying. So, without any direct input or investigation from Northridge I don't think I can reasonably discount what he says on the basis the car's problems could have been caused a different way.

So, on balance, I think it's likely that the car wasn't of satisfactory quality when it was supplied to Mr P. Northridge had two opportunities to resolve the faults with the car, but this didn't happen. So, I now think that Mr P should have the opportunity to reject the car. And the finance should be unwound.

Mr P was able to use the car from September 2023, but there has been a problem with it over this time. I agree that Mr P should have 5% of the repayments he has made refunded to him. This fairly reflects the impaired use and/or loss of enjoyment caused by the car not being of satisfactory quality.

Mr P was inconvenienced on several occasions by having to take the car back and forth to the garage. I can also imagine it would have been very frustrating and stressful for the problems to keep re-occurring as they did. So, I think the £200 suggested by our Investigator for the distress and inconvenience he experienced is fair.

Putting things right

Northridge should now:

- End the agreement with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Mr P.
- Refund Mr P's deposit of £1,077.18.
- Pay a refund of 5% the finance repayments Mr P has paid.
- Refund the £24.99 Mr P paid to have the car looked at by a third party garage.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay £200 for any trouble and upset that's been caused.
- Remove any adverse information from Mr P's credit file in relation to the agreement (if relevant).

If Northridge considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Mr P's complaint.

N.I.I.B. Group Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 March 2025.

Andy Burlinson
Ombudsman