

The complaint

Miss W is unhappy that a car supplied to her under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance (Northridge) was of an unsatisfactory quality.

What happened

In January 2023, Miss W was supplied with a used car through a hire purchase agreement with Northridge. The agreement was for £22,636.75 over 48 months; with 47 monthly payments of £351.07 and a final payment of £12,983. At the time of supply, the car was around four and a half years old, and had done 33,492 miles.

When driving home from the supplying dealership on the day she collected the car, Miss W states that she noticed the car starting vibrating and shuddering when she reached higher speeds on the motorway. Concerned with this, Miss W phoned the dealership when they reopened the following morning, and received a response on 3 February 2023. Miss W states that she asked to reject the car but was told by the dealership that she wasn't able to do this.

On 6 February 2023 Miss W took the car to the dealership to assess the issue, who confirmed that the issue hadn't been visible in the presale checks, but stated they would change the alloy wheel as a gesture of goodwill.

On 10 February 2023, Miss W complained to Northridge. She complained that the vehicle had not been of a satisfactory quality, and she wanted to reject the vehicle.

On 10 March 2023, Miss W emailed the complaints team to advise them that she had collected the car from the dealership who had changed the alloy wheel, but that the issue still remained. The dealership stated that if Miss W wished to do so, she could either contact a main dealership, or have an independent report carried out should she feel the fault remained.

Northridge provided their final response to Miss W's complaint on 7 April 2023. They did not uphold Miss W's complaint. In their response they confirmed that the alloy wheel buckle was not an issue which would warrant rejection of the vehicle, and that a new wheel had been supplied as a gesture of goodwill. They stated in their response that they had been made aware by Miss W on 31 March 2023 that the vehicle was still shuddering, and had advised her to take the vehicle to a main dealership or have it independently inspected so they had material evidence to support the claim. As they had not received this information, they maintained the stance that whilst they were sympathetic to Miss W's situation, they were confident the vehicle conformed to contract. Notwithstanding this, following a further conversation with Miss W, on 14 April 2024 as a gesture of goodwill, Northridge generated a Preferential Settlement figure of £22,510.91 (representing a full rebate of interest) which was available to her until the next repayment was due. They also allowed her the option of requesting an additional Preferential Settlement Figure in the future.

Miss W wasn't happy with what had happened, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that the evidence indicated that the fault was present at the time Miss W purchased the vehicle and as she had attempted to exercise her right to reject the vehicle within 30 days from collection, she should be allowed to do this. They also suggested that Northridge should pay Miss W a sum of £200 to reflect the distress and inconvenience caused.

Northridge didn't agree with the investigator. They said that the buckled wheel was a cosmetic issue rather than being mechanical, and further to this, it was not buckled prior to supply. They stated that had there been a buckled wheel at point of sale it would have been easily identifiable during an inspection of the goods by Miss W, and also during a test drive. They stated that Miss W was aware of the repairs being carried out on the vehicle and as she willingly and knowingly entered into an agreement to repair the goods she cannot request rejection. They confirmed that the vehicle had passed its MOT with 38,316 miles in September 2023, meaning that it had driven 4,824 miles since the remedial work was completed.

Because Northridge didn't agree, this matter has been passed to me to make a final decision.

Provisional findings

I issued my provisional decision on 18 July 2024. It said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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. Miss W 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 Consumer Rights Act 2015 ('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 Northridge to show it was present when the car was supplied.

So, if I thought the car was faulty when Miss W 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.

I have considered whether there is sufficient evidence to indicate that the car was faulty, or not of a satisfactory quality at the time it was supplied to her. When doing this I have considered the age of the car, the mileage and the price paid for it. Miss W states that the

issues with the car began the same day it was supplied to her, which was confirmed when she returned the car to the dealership.

It is not in any doubt that the car purchased by Miss W was identified as having a buckled wheel within an extremely short period of time following Miss W collecting the car from the dealership. Miss W states that she first noticed the car vibrating and shuddering on the way home from the dealership on the day she collected it, when she reached motorway speeds.

The evidence relating to whether or not the buckled wheel would have been identifiable during the pre-sale inspection and test drive is inconsistent within the file. Northridge have stated that the wheel was not buckled prior to supply “as per [the dealership’s] pre-delivery inspection.” They also stated that had it been buckled at point of sale it would have been easily identifiable during an inspection of the goods by Miss W and also during a test drive.

However, during one of the phonecalls on file, a representative at the dealership confirms the buckled wheel may not have been visible, and that the test drive would not have reached the speeds such as those being driven by Miss W when the issue was identified by the car shuddering. On balance, due to the fact that Miss W noticed the fault the same day as she collected the car, I think it is fair to consider that it is more likely than not that the fault was present when Miss W collected the car. I therefore agree that the car was not of a satisfactory quality at the time it was supplied to Miss W.

The CRA states that a consumer has a right to reject goods that are unsatisfactory quality or not fit for purpose within the first 30 days. The 30 days runs from the day after the latest date from the following;

- The consumer obtains ownership/possession of the goods*
- The goods have been delivered*
- Any actions the trader has notified the consumer are requested before the goods may be used (such as installation) have been completed by the trader*

The CRA further states that if the consumer agrees to or asks for a repair or replacement of the goods – a waiting period starts on the day of the request and ends on the day the consumer gets the goods back. The clock stops running during the period of any repair or replacement. On return of the goods, the consumer has the remainder of the 30 day period or 7 days (whichever is longer) to exercise their short term right to reject if the goods are still faulty.

The evidence on file suggests that Miss W did request rejection of the car within 30 days of collection of the car. In addition to this, Miss W returned the car to the dealership who replaced the wheel. Although Miss W states that she didn’t request this to be done, I think it is fair to conclude that the fact that she left the car with the dealership and was aware that the replacement was being carried out indicates that she had agreed to the repairs. I have listened to a recording of a phonecall between Miss W (represented during part of the call by her partner) and the dealership where the repairs to the wheel were discussed. Although it is very clear that Miss W and her partner were extremely dissatisfied with the fact that the car had been supplied to them with a fault, there is no indication that they did not agree to the repairs being carried out.

Section 24(5) of the CRA says “a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.” This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it’s not a single chance of repair for the dealership AND a single chance of repair for Northridge – the first attempted repair is the single chance at repair.

It therefore follows that Miss W had the remainder of the 30 days to reject the vehicle if the car was still faulty after the repairs had been carried out. I have not been provided with evidence to indicate that this was the case.

I have therefore concluded on balance that at the time Miss W had the car returned to her in March 2023, the repairs had been successful and it would not be fair to ask Northridge to agree to rejection of the vehicle.

For the reasons stated above, I uphold Miss W's complaint relating to the quality of the car supplied to her by Northridge in January 2023.

It's clear that Miss W has been inconvenienced by having encountered issues so early in her ownership of the car, and the fact that this necessitated repairs to the car. So, I think Northridge should compensate her for this. The investigator had recommended Northridge allow Miss W to reject the vehicle, with an additional £200 to reflect the distress and inconvenience caused. Although I do not agree with the recommendation to allow Miss W to reject the vehicle, the distress and inconvenience payment 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.

I therefore intend to ask Northridge to pay Miss W £200 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

Responses to my provisional decision

I have received a response from Miss W, in the form of a call recording between her partner and a representative of the dealership. Although this call is not date stamped in any way, the content of the call indicates that it was early in the process of the repairs being carried out on Miss W's vehicle. During the call, the representative confirms that there is a note within their systems showing that the customer didn't want the car and had "*taken it to head office*".

During the call, the representative reads a note from the system stating "*awaiting to see if we need to order the alloy wheel because customer doesn't want to keep the car*". Having considered these comments, I think it is fair to conclude that these statements provide sufficient evidence that Miss W tried to reject the car within the first 30 days.

A copy of the call has been provided to Northridge with a request for their comments regarding the content of the call, and asked for confirmation of when the relevant comments were added to their systems. They have not responded to either this request, nor to my provisional decision.

As Northridge did not respond to my provisional decision, both Miss W and Northridge were made aware of my intention to uphold Miss W's complaint and allow her to reject the vehicle, and their comments were requested. Miss W responded confirming she had no additional evidence above that already provided, and reiterated the stress that the situation had caused. Northridge did not respond to the request for further comments.

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 taken into account the new evidence provided by Miss W, and as no new information or response has been provided by Northridge, I see no reason to change my decision. So I remain of the view I set out in my provisional decision – my findings as set out above should be considered as part of my final decision. It follows that I uphold this complaint, however the additional information provided means that the proposed redress is no longer appropriate and Miss W should be allowed to reject the vehicle.

Putting things right

Having been provided with evidence indicating that Miss W attempted to reject the vehicle when it was identified it was of unsatisfactory quality within the first 30 days, Miss W should be allowed to reject the vehicle. Therefore, Northridge should:

- Accept rejection of the vehicle
- End the agreement with nothing more to pay;
- Collect the car at no cost to Miss W;
- Remove any adverse entries relating to this agreement from Miss W's credit file as appropriate;
- Refund the deposit paid by Miss W (if any part of this deposit is made up of funds paid through a dealer contribution, Northridge is entitled to retain that proportion of the deposit);
- Apply 8% simple yearly interest on the deposit, calculated from the date Miss W made the payment to the date of the refund[†]; and
- Pay Miss W an additional £200 to compensate her 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 Miss W a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Miss W's complaint about Northridge Finance Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 28 December 2024.

Joanne Molloy
Ombudsman