

The complaint

Mr C complains that a car he acquired under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance ("Northridge Finance") wasn't of satisfactory quality. He also complains about the administration of his agreement.

Mr C is being represented in this case but for ease of reading I'll refer to Mr C throughout this decision.

What happened

In March 2022 Mr C was supplied with a used car through a hire purchase (HP) agreement with Northridge Finance. The car was around three years old; it had done around 19,000 miles and the agreement was for 48 months.

Soon after acquiring the car Mr C said, he was experiencing problems. He complained to the supplying dealership and explained that the car was not fit for purpose. He said he had lost money and wanted to reject the car.

Northridge Finance acknowledged his concerns and Mr C referred his complaint to this service. In short, he wanted to reject the vehicle as he said he was experiencing issues with the brakes. At the time, our investigator looked into the complaint (separate to the one being considered here). In summary, that complaint was withdrawn because at the time, Mr C advised he was pursuing the matter through court.

Mr C now complains that Northridge Finance incorrectly issued a notice under Section 86B of the Consumer Credit Act 1974 and says this was issued unlawfully and so he raised his complaint again in 2024. Along with this he maintained the car was of unsatisfactory quality and wants to reject the car.

Our Investigator looked into things afresh, but she didn't uphold the complaint. In summary she said she wasn't persuaded that the car supplied to Mr C was of unsatisfactory quality. She also didn't think the evidence Mr C provided from an independent mechanic was persuasive.

Mr C responded and said he had kept the car as he relied on it for work and although the car was not fit for purpose, he needed to prioritise keeping the car operational. He also said the mechanical report provided was crucial evidence supporting his complaint.

As an agreement couldn't be reached the complaint has been passed to me to decide.

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.

Where evidence is incomplete or inconclusive (as some of it is here), I've reached my decision on the balance of probabilities, deciding what I consider most likely to have happened in light of the evidence that is available and the circumstances of this complaint as

a whole.

Having done so, I've reached the same overall conclusions as our Investigator and for broadly the same reasons. I know this will come as a disappointment to Mr C, but I will explain my reasons below. I have reviewed the evidence from both parties thoroughly, but I will only be commenting on the evidence I consider key. It is not meant as a discourtesy but reflects my role resolving disputes informally.

The hire purchase agreement entered by Mr C is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. Northridge Finance is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr C entered. Because Northridge Finance supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes the general state and condition, and other things such as its fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr C's case the car was used and covered approximately 19,000 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

So, if I thought the car was faulty when Mr C 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 Finance to put this right.

Soon after acquiring the car Mr C complained that there was an issue with the brakes or arch which keeps making a sound when the brake is pressed. The supplying dealership said Mr C could bring the car in for repairs, but Mr C said he didn't want a repair, he wanted to reject the vehicle.

Before I make a finding on whether or not I consider the car was of satisfactory quality at the point of supply I think it's important for me to set out what the CRA states. 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.

I've outlined the above because I want to make clear that the business does have the right to repair (although for reasons I'll explain below this wasn't necessarily applicable here), Mr C should be made aware that in any event he would've had to have given the business the single chance to repair if a fault was found.

Northridge Finance has told us the supplying dealership underwent an inspection of the vehicle in April 2022. It said the car went in for an appraisal, not for repairs. A mechanical inspection was carried out which found the brakes were free from faults, it then underwent a road test which further confirmed there was no issue with the brakes. At the time Mr C was invited to obtain an independent inspection and if it counteracted what the dealership found,

Northridge Finance offered to cover the cost. I haven't seen anything to suggest Mr C arranged a third-party inspection at the time or provided any further evidence.

Mr C has provided correspondence from a mechanic he instructed. Mr C provided this evidence when he referred his complaint to us for the second time. I've reviewed the letter and although Mr C has said this evidence is crucial to his complaint, I'm afraid I don't agree. The correspondence is not dated so I can't be sure when this opinion was given. It also isn't on headed paper so gives me no indication of the expertise of the mechanic or that this opinion was given in a professional capacity. By Mr C's own testimony, he has also told us it was a friend who inspected the car. Although Mr C's mechanic has said there are faults present with the car, unfortunately I don't find this evidence persuasive. I've also considered that it's taken Mr C several years to pursue this matter.

So, it follows I think it was unlikely there was a fault present or developing at the point of supply and I won't be asking Northridge Finance to do anything further here.

Mr C complains about the notice he thinks has been issued unlawfully. Section 86B of the Consumer Credit Act 1974 states that a creditor is required to give a debtor a notice of sums in arrears within 14 days of the creditor going two payments in arrears and every six months thereafter. From what I've seen Mr C is in arrears under the agreement and so I don't think Northridge Finance has made an error in issuing such notices.

Overall, I find the car was of satisfactory quality at supply and for the reasons I've explained I don't uphold this complaint.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 April 2025.

Rajvinder Phaiser
Ombudsman