

## The complaint

Mr D is unhappy that a car supplied to him 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 February 2024, Mr D was supplied with a used car through a hire purchase agreement with Northridge. He paid an advance payment of £2,000 and the agreement was for £15,945 over 49 months; with 48 monthly payments of £319.80 and a final payment of £6,310. At the time of supply, the car was around four years old, and had done 36,373 miles (according to the hire purchase documentation).

Mr D says that he had problems with the car from shortly after it was supplied to him – the engine management light (EML) was coming on intermittently. He complained to the supplying dealership, who said they didn't have availability to inspect the car. So, Mr D had the car inspected at a local garage, where an emissions related fault code was found.

Mr D complained to Northridge, who arranged for the car to be inspected by an independent engineer. This inspection took place at the dealership on 5 April 2024 and the engineer was aware of the local garage's inspection findings. However, the engineer was unable to find any fault with the car. Mr D suspects this is because the dealership repaired the car before the inspection took place, without his knowledge or approval.

Mr D had also spoken to Northridge about cancelling payments while the car was being inspected, and they told him that doing so wouldn't affect his credit file. However, when he did this, Northridge reported missed payments to the credit reference agencies. Mr D was unhappy with this, and he wanted to reject the car, get a full refund of the payments he'd made, and have his credit file corrected.

In response to his complaint Northridge didn't agree with rejection, as the independent inspection hadn't found any faults with the car. However, they accepted they'd misadvised him about the effect of the missed payments on his credit file and offered to remove the missed payment entries. They also offered to pay Mr D £50 compensation. Unhappy with this response, Mr D brought his complaint to this service for investigation.

Our investigator didn't think Mr D should be allowed to reject the car, as there was no evidence of a current and ongoing fault. However, they thought Northridge's offer of £50 and correction of the credit file was reasonable, and they didn't need to do anything more.

Mr D didn't agree with the investigator's opinion. He said that the report from the local garage showed there was a fault with the car, and that his complaint was *"more about the damage that has been done to my credit record and the impact that has caused me and my family."* Mr D explained that, due to the time this matter had taken, he had now missed more than two monthly payments.

Northridge accepted the investigator's opinion, and offered to increase the compensation to £100, but Mr D rejected this increased offer. He said that he considered £5,000 to be *"a fair*

*and reasonable amount of compensation for the financial and emotional hardship my family and I have endured throughout this ordeal.”* So, this matter 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.

Having done so, I’ve reached the same overall conclusions as the 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. Mr D 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. So, if I thought the car was faulty when Mr D 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.

#### satisfactory quality

I’ve considered whether the car was of a satisfactory quality when it was supplied to Mr D. I’ve seen the report from the local garage that shows there was a fault code, relating to the emissions, in March 2024. I’ve also seen the independent engineers report which confirmed there was no faults present at the time of the inspection. The engineer also confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I’m satisfied their report is reasonable to rely upon. What’s more, I haven’t seen any evidence to show me there has been any reoccurrence of the fault with the car since April 2024.

Mr D believes the dealership repaired the car without his knowledge or consent, before the independent engineer’s inspection took place. I have nothing to show me whether this did or didn’t happen.

However, I have considered section 24(5) of the CRA which 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. So, if the independent engineer had found fault with the car, then the dealership / Northridge would’ve been entitled to this single chance of repair, whether Mr D

consented to this or not. As such, in the circumstances Mr D suspects – the dealership repaired the fault with the car – they were entitled to do this.

The CRA is also clear that, if the single chance at repair fails, then Mr D has the right of rejection. However, as I've said above, I haven't seen anything to show me that there is still an ongoing fault with the car. So, I can't agree that the single chance of repair, if it indeed happened, has failed. And I won't be asking Northridge to allow Mr D to reject the car.

#### credit file

In their complaint response letter dated 23 April 2024, Northridge confirmed that, on 7 March 2024, Mr D asked about cancelling his direct debit, so as to suspend payments while the fault with the car was being investigated. And Northridge told him (incorrectly) that doing so wouldn't have any impact on his credit file.

However, on 12 April 2024, Northridge told Mr D that he's been incorrectly advised, and that missed payments would affect his credit file. In doing so, they also offered Mr D £25 compensation for this error - now increased to £100. On 23 April 2024, Northridge also offered to remove any missed payment markers, and they paid Mr D £50 (the increased amount of compensation they'd offered at the time) on 25 April 2024.

Based on the above, I'm satisfied that Mr D believed the payment for March 2024 could be missed, without any effect on his credit file. However, he was aware on 12 April 2024 that missing the April 2024 payment, or any future payments, would adversely affect his credit file. As such, I'm satisfied that Mr D had sufficient time left in April 2024 to make that month's payment, and he was aware of the impact of not making that payment.

Mr D didn't make the April 2024 payment and, by his own admission, missed further payments. And, for the reasons stated above, he did so in the reasonable knowledge that missed payments would have an adverse effect on his credit file.

I've seen Northridge removed the missed payment marker for March 2024, but haven't done so for April 2024 (or any other missed payments). For the reasons stated above, this is what I would've expected to have happened, and it also falls in line with the recommendation made by the investigator – removal of the missed payment marker for March 2024 and removal of the missed payment marker for April 2024 only if the payment fell due before 12 April 2024 (which, for the reasons stated about Mr D having sufficient time to make the April 2024 payment, it didn't).

As such, and while I appreciate this will come as a disappointment to Mr D, I won't be asking Northridge to remove any more missed payment markers.

#### **Putting things right**

I think Mr D should be compensated for the distress and inconvenience he has been caused by the impact on his credit file. However, for the reasons already stated, I'm only considering the impact of the missed payment in March 2024. Crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note that Northridge have increased their offer of compensation for the distress and inconvenience Mr D was caused to £100, £50 of which has already been paid. Having considered this, I think it's a fair offer that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing Northridge to make.

Therefore, if they haven't already, Northridge should:

- remove the March 2024 adverse entry relating to this agreement from Mr D's credit file; and
- pay Mr D a total of £100 to compensate him for the trouble and inconvenience he's been caused by being misinformed (Northridge must ensure the total compensation has been paid within 28 days of the date on which we tell them Mr D accepts my final decision. If they pay the balancing payment later than this date, Northridge must also pay 8% simple yearly interest on this amount from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires Northridge to take off tax from this interest, Northridge must give Mr D a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr D's complaint about N.I.I.B. Group Limited trading as Northridge Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 April 2025.

Andrew Burford  
**Ombudsman**