

The complaint

Miss W says that a car she has been financing through an agreement with N.I.I.B. Group Limited, trading as Northridge Finance (Northridge), was misrepresented to her.

What happened

Miss W took receipt of a car in November 2021. She financed the deal through a hire purchase agreement with Northridge.

The car broke down in May 2024 and Miss W thought she could rely on the warranty that was listed in the sales agreement. She was disappointed to find there was no warranty and she, therefore, complained to Northridge.

Northridge didn't uphold her complaint as they didn't feel they should be held responsible for the warranty provided by the dealership.

When Miss W referred her complaint to this service our investigator thought the agreement had been misrepresented to her. Northridge still didn't agree so the complaint has been passed to me, an ombudsman, 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.

I agree with our investigator's opinion of this complaint, and I think the agreement has been misrepresented to Miss W. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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 W acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

Section 56 of the Consumer Credit Act (1974) explains that finance providers, like Northridge, are liable for what they say and for what is said by a credit broker or a supplier before the consumer takes out the credit agreement. Anything the supplier says will be deemed to have been said on behalf of the finance provider.

Misrepresentation is, in very broad terms, a statement of law or of fact, made by one party to a contract to the other, which is untrue, and which materially influenced the other party to

enter into the contract. So, if Miss W was given a false statement of fact by the dealership who brokered this finance agreement, and if that false statement influenced her to enter into the contract, I may consider the finance agreement as a whole had been misrepresented to her.

I'm persuaded that is the case here. The sales agreement explains that there is a "*manufacturer (remainder) warranty*" that expires on 30 November 2024. I've not seen any evidence that that was the case and it's clear that Miss W hasn't been able to benefit from any manufacturer's warranty. Miss W has also provided evidence from a main dealership that suggests the warranty status in the sales agreement was inaccurate and that the manufacturer's warranty expired in November 2021. So, it seems that she was given a false statement of fact about the warranty.

I think it's likely that the presence of an assumed warranty materially influenced Miss W to enter into the contract. I say that because she knew she'd been told she had one as she contacted Northridge to complain about its absence. It seems to me that it was important to Miss W to have that surety and that it was, therefore, likely to have materially influenced her to enter into the contract with Northridge. I think the agreement was therefore misrepresented to her and that Northridge should do something to put things right.

Putting things right

Northridge should try to put Miss W in the position she would have been in had the misrepresentation not have happened.

They should end the agreement and collect the car at no cost to Miss W.

Northridge should refund any deposit Miss W has paid and they should also refund the part exchange value that wasn't used to settle the previous finance agreement. Miss W has provided a copy of the sales agreement in which it's shown that £4,449.44 of the part exchange value wasn't used to settle the previous agreement. Northridge haven't disputed that so I think that amount should also be refunded, with interest as Miss W has been deprived of the money.

Miss W didn't have use of the car between May 2024 and the date she had it repaired in around July 2024. While it's fair for her to pay for use before that, I think Northridge should refund any payments she's made toward the agreement since May 2024 as use will have been limited and the complaint could, reasonably have been resolved earlier.

Miss W has been inconvenienced here. She's had to escalate her complaint to this service, and she's been left immobile. She's also had to arrange to have the car repaired. In the circumstances, I think Northridge should pay her £150 in compensation.

It's not fair that Miss W has had to pay to have the car repaired so Northridge should refund the cost of that repair if Miss W can provide proof of payment. Similarly, if the car was recovered Northridge should refund that recovery charge if a receipt is provided by Miss W.

My final decision

For the reasons I've given above, I uphold this complaint and tell N.I.I.B. Group Limited to:

- End the finance agreement and collect the car at no cost to Miss W.
- Refund any payments made towards the agreement since May 2024 and add 8% simple interest per year from the date of payment to the date of settlement*.
- Refund the cost of the repairs Miss W paid for, on provision of receipts. Add 8%

- simple interest per year from the date of payment to the date of settlement*.
- Refund the cost of recovery on provision of a receipt. Add 8% simple interest per year from the date of payment to the date of settlement*.
 - Pay Miss W £150 compensation for the distress and inconvenience caused.
 - Refund any deposit paid and add 8% simple interest per year from the date of payment to the date of settlement*.
 - Refund £4,449.44 of the part exchange settlement and add 8% simple interest per year from the date of payment to the date of settlement*.
 - Remove any adverse information they may have reported to the credit reference agencies in respect of this agreement.

*If HM Revenue & Customs requires the business to take off tax from this interest they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 13 May 2025.

Phillip McMahon
Ombudsman