

The complaint

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

When I refer to what Miss V has said and what Northridge have said, it should also be taken to include things said on their behalf.

What happened

On 16 March 2024 Miss V was supplied with a used car through a hire purchase agreement with Northridge. The retail price of the car was £14,500 with Miss V paying a deposit of £500, followed by 59 payments of £293.88 and a final payment of £303.88. The car was first registered in September 2017.

When Miss V collected the car it was acknowledged by the supplying dealer, who I will call L, that there were faults with the car that they would repair. Despite several attempts to get the repair work undertaken L has refused to do so due to the costs involved.

On 22 April 2024 Miss V first complained to Northridge about the matter. There has been communication between all three parties but to date the repair has not been made. This communication includes a letter to Miss V on 3 July 2024 where they uphold her complaint and this letter stated “..we have reached an agreement that the car can be returned and I can put you back in the financial position you were before you purchased the vehicle”. However, this has not yet happened.

Miss V complained to this service on 6 July 2024 as it was yet to be resolved.

On 17 September 2024 Northridge informed our investigator that Miss V had rejected two offers from L - they were willing to either facilitate a rejection or make a payment of £1,500 to get the car repaired at another garage as they were not able to facilitate the repair.

On 22 October Miss V confirmed that she had been offered £250 compensation and just wanted the car to be collected.

Our investigator upheld the complaint. Whilst they noted that there was limited information as to the exact nature of the faults and no supporting evidence such as an expert report, they felt that there was sufficient to conclude that the car was of unsatisfactory quality. They based this conclusion on communications from Northridge that accepted the rejection of the car. In upholding the complaint, they also considered any compensation, as Miss V had expressed the impact that the loss of use of the car had caused her practically and emotionally. They directed Northridge to:

- End the agreement with nothing further to pay
- Collect the car with nothing further to pay by Miss V
- Refund Miss V her part exchange contribution of £500
- Refund Miss V all her payments made

- Pay 8% simple yearly interest on all refund amounts from the date of payment to the date of settlement
- Pay a further amount of £300 for any distress caused due to the faulty car
- Remove any adverse information from Miss V's credit file in relation to this agreement

We have had no communication from Northridge as to whether they accept the investigators decision.

Because Northridge did not respond, 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 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 V was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Before I explain why I've reached my decision, I think it's important for me to set out exactly what I've been able to consider here, and how.

The Consumer Rights Act 2015 (CRA) is of particular relevance 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". The CRA says the quality of goods is satisfactory if they 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 vehicle's history.

The CRA says the 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. Where goods are second hand, as in this case, due regard must be had to the price, age and any description applied to the car.

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

As stated earlier the age, mileage and price of any vehicle has to be taken into account when deciding what is satisfactory quality. Cars also have an element of fair wear and tear that needs to be taken into account when coming to any decision.

As with the investigator there is very little detail as to the nature of any fault nor any corroborating expert evidence from a mechanic for me to base my decision on. However, I do find the communications from Northridge informative in coming to my decision as to whether the car is of unsatisfactory quality. The fact that they have indicated on more than one occasion that they are prepared to unwind the agreement tends to indicate that they accept the car is of unsatisfactory quality. For example, on 3 July 2024 they wrote to Miss V and this email contains the statement "...we have reached an agreement that the car can be

returned and I can put you back in the financial position you were before you purchased the vehicle". I can conclude from these exchanges that there is no dispute that the car was not of satisfactory quality, so it just remains for me to decide what Northridge need to do to put things right.

There is clear agreement that Miss V should be put back into the position she was before she purchased the car. This includes Miss V returning the car with nothing further to pay by Miss V, the return of both her deposit and any payments under the agreement.

I also need to consider whether Miss V has suffered any additional loss or impact as a result of the faulty car. Miss V has expressed the impact that the lack of access to a car has had on her both in terms of stress and practicality, as she is a carer for her mother. Our investigator has suggested a payment of £300. As Northridge had already offered £250 in compensation, I do not feel that the amount suggest by the investigator is unreasonable and I likewise direct Northridge to make a payment of £300 for the distress caused.

Putting things right

As Northridge supplied Miss V a car of unsatisfactory quality I uphold this complaint and I direct Northridge to:

- End the agreement with nothing further to pay
- Collect the car with nothing further to pay by Miss V
- Refund Miss V her part exchange contribution of £500
- Refund Miss V all her payments made
- Pay 8% simple yearly interest on all refund amounts from the date of payment to the date of settlement
- Pay a further amount of £300 for any distress caused due to the faulty car
- Remove any adverse information from Miss V's credit file in relation to this agreement

My final decision

My decision is that I do uphold this complaint against NIIB Group Limited trading as Northridge Finance. In order to settle this case they are directed to follow the redress above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 20 April 2025.

Leon Livermore
Ombudsman