

The complaint

Mr H complains that the car he acquired through a hire purchase agreement with N.I.I.B. Group Limited t/a Northridge Finance ("Northridge") wasn't of satisfactory quality. He wants to reject the car.

What happened

Mr H entered a hire purchase agreement in March 2022 to acquire a used car. At the time of the acquisition, the car was nearly four years old and had been driven just over 45,000 miles. Mr H told us:

- he experienced oil consumption issues with the car shortly after acquiring it;
- after an investigation, some diagnostics, and failed repairs, the car engine suffered catastrophic failure due to a loss of oil pressure;
- the supplying dealership misdiagnosed the faults with the car during its inspections – something it denies – but the car remains unusable, and he's not been able to drive the car since January 2024.
- he's unhappy with his experience and wants to hand the car back.

Northridge rejected this complaint. It said that neither it nor the supplying dealership were liable for the repairs, or the issues Mr H had experienced because he'd authorised repairs to be undertaken by a third party; he'd continued to drive the car after a warning light illuminated; and he'd authorised the stripping of the engine and the associated costs. Northridge did say it would contribute 50% of the outstanding payment at the time, purely as a gesture of goodwill.

Unhappy with Northridge's response, Mr H brought his complaint to our Service. And he provided an independent inspection report carried out by a third-party, one that it recognised in the industry. The engineer who authored this report undertook an independent inspection of the car and provided his written findings and conclusions.

Mr H told this Service that Northridge's claims when it rejected his complaint were incorrect. He told us:

- the failed repairs had not been carried out by an unauthorised third party, they'd been undertaken by another branch of the supplying dealership;
- he'd not driven the car with an illuminated warning light – the light had gone off quickly after he'd added more oil. And when he contacted the supplying dealership, it told him it would look at his car in a couple of weeks – at an appointment that was already scheduled, and he'd not driven the car in the interim;
- Northridge was wrong to claim that the engine had failed because the car had not been serviced; he'd had the car serviced three months early after having driven just 4,000 miles.

Mr H provided a detailed timeline of all the issues and events he'd experienced, along with details of the repairs and services carried out. And against each of the issues, he listed the

mileage driven, and the days elapsed since the previous issue was addressed. Mr H also provided job sheets and invoices for each repair and service.

Our investigator looked at this complaint and said he thought it should be upheld. He said he was persuaded there was clearly a fault with the car – Mr H's testimony, along with the detailed independent inspection report, and the supplying dealership's invoices and job sheets confirmed this.

He explained the relevance of the Consumer Rights Act 2015 in this particular case and said he didn't think the car was of satisfactory quality when supplied. This was because of the failure to identify the cause of heavy oil consumption from June 2022 – just three months after acquisition – that had, in the opinion of the independent expert, resulted in the catastrophic failure of the engine.

Our investigator concluded that, given the findings above, and the fact that Mr H had driven a limited number of miles, it was likely that the car had an oil leak when first supplied, or that there had been a premature failure of the oil pump. And it wasn't unreasonable, given all the investigations and repairs that had been undertaken, for Mr H to want now to reject the car.

Our investigator set out what Northridge needed to do to put things right, and he took into account the fact that Mr H hadn't been able to use the car since January 2024, together with the additional costs that he'd incurred directly as a result of what had happened.

Mr H accepted this opinion.

Northridge said it accepted this opinion in principle together with all the recommendations.

Because both parties accepted this opinion, our Investigator closed this case in October 2024.

Nearly four months later, Mr H tells us that despite both parties agreeing on how the complaint should be resolved, Northridge has not been in touch with him to arrange settlement.

Our investigator has contacted Northridge a number of times over the last three months, but no progress has been made – Northridge seems to have simply disengaged on this particular case.

Because of this, the complaint comes 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.

As the hire purchase agreement entered into by Mr H is a regulated consumer credit agreement this Service is able to consider complaints relating to it. Northridge is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. This says under a contract to supply goods, the supplier – Northridge in this case – has a responsibility to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. The relevant law also says that 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 can be aspects of the quality of the goods. In this case, I would consider relevant factors to include, amongst others, the car's age, price, description and mileage.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied. But, if the fault is identified after the first six months, then it's for Mr H to prove the fault was present when he first acquired it.

The independent inspection noted *"The vehicle shows diagnostic indications of a catastrophic 1055 of oil pressure. Oil system pressure relates to oil flow and the rapid development of misfire problems is likely a consequence of the mechanical damage associated with the 1055 of oil flow...error codes related to the engine oil pump also raise the possibility that oil pump failure has occurred. In either case, the 1055 of oil flow around the engine causes rapid internal damage...The engine can be confirmed as having suffered a damaging 1055 of engine oil pressure capable of causing problems consistent with the Technicians reports of internal engine damage and metallic particles"*.

It concluded that, *"the historical attempted investigation and correction have been unsuccessful and therefore would be considered as failed previous repairs, leading us to the conclusion that the necessary repairs to return the engine to a serviceable condition should be borne by the sales agents"*.

Because of this, I'm also satisfied that the car was not of satisfactory quality when Northridge supplied it to Mr H.

Both parties agreed that the fair way to settle this complaint was to allow Mr H to reject the car. But as nothing seems to have been progressed, this is the focus of this decision.

I'm going to require Northridge to accept Mr H's rejection of the car and end the credit agreement. I'm going to require it to reimburse Mr H's reasonable costs – the costs he incurred in trying to resolve the issues with the car – and Northridge will pay Mr H statutory interest at a rate that a court would award on judgement debts. This is designed to reflect the cost to a consumer of their being deprived of their own money; they may have had to go without things because they didn't have that money.

Finally, I'll be awarding an amount of compensation in recognition of the distress, inconvenience, worry and anxiety that Northridge cause Mr H.

Putting things right

I'm directing N.I.I.B. Group Limited t/a Northridge Finance to settle this complaint by:

- ending the agreement with nothing further to pay;
- collecting the car from the supplying dealership at no further cost to Mr H;
- settling the disassembly and storage costs with the supplying dealership, thereby enabling Mr H to collect his personal possessions;
- refunding the Mr H's part exchange contribution of £2,297;
- refunding Mr H's monthly rentals for the period from 4 January 2024 to the date of settlement as he reasonably stopped using the car at this point;
- refunding Mr H £2,790.62 for additional expenses which have been incurred as a result of the inherent quality issues with the car;

- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- paying a further amount of £250 for the distress and inconvenience that's been caused due to the faulty goods.

My final decision

My final decision is that I uphold this complaint. If it has not already done so, I direct N.I.I.B. Group Limited t/a Northridge Finance to pay redress as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 March 2025.

Andrew Macnamara
Ombudsman