

The complaint

Mrs D is unhappy with a car she got using a hire purchase agreement from N.I.I.B. Group Limited trading as Northridge Finance.

What happened

On 31 December 2023 Mrs D entered into a regulated hire purchase agreement with Northridge for a used car. The car was around nine years old and had been driven for 41,770 miles. The cash price was £11,295.

On 25 January 2023, Mrs D arranged for front and rear facing cameras to be installed on the car. And on 3 February 2023 she organised for her local garage, who specialised in her type of car, to carry out a health check. The health check report said there was a suspected gearbox fault as the gear changes weren't smooth and the oil was dark.

Mrs D informed both the dealership and Northridge of the issue. After discussions, the dealer agreed to investigate the problem. Mrs D was due to go on holiday but decided to postpone her trip until the dealership had looked into the gearbox issues.

The dealership collected the car on 18 May 2023 and reset the gearbox codes. They said this had fixed the issues and the gears were now running smoothly. They also gave Mrs D a courtesy car during this time. Mrs D didn't think the courtesy car was suitable so didn't use it.

On 25 May 2023 the car was ready for collection, so Mrs D went on the postponed holiday. Unfortunately, she had to cut her trip short as the issues with the gearbox happened again.

Following correspondence from Mrs D, the dealership agreed for her to return the car, refunded her deposit and allowed Mrs D to exit the hire purchase agreement.

Unhappy with everything that happened, Mrs D complained to Northridge. They issued a final response letter saying that as the dealership allowed the car to be returned, they didn't need to do anything further.

Mrs D didn't think Northridge had done enough to put things right for her. She thought they should reimburse her for the extra costs she incurred because she delayed her holiday. She also thought they should refund the money she paid to fit the front and rear cameras. Mrs D said she expected to be refunded the monthly payments she had paid toward the finance. She believed she should also be paid compensation for the distress and inconvenience that had been caused.

After reviewing the complaint, an investigator thought Northridge needed to do more. He said he thought they should pay 8% interest on the reimbursed deposit amount and pay Mrs D £200 for the distress and inconvenience she experienced.

Mrs D accepted some of the investigator's findings, but Northridge didn't respond. So, the case was passed to me to review.

I sent Mrs D and Northridge my provisional decision on this case, on 6 December 2024. I explained why I think the complaint should be upheld. A copy of my provisional findings is included below:

Mrs D acquired her car using a hire purchase agreement and so The Consumer Rights Act 2015 (CRA) is the relevant legislation for this complaint. The Act sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Satisfactory quality is essentially based upon what a reasonable person would consider to be satisfactory. In instances like this when considering the quality of a car, the age, mileage and price are some of the things that I think would be considered to be reasonable to take into account.

Northridge have not disputed that the car was unsatisfactory quality, and so I've focused on whether they've done enough to put things right under the CRA.

Mrs D has sent us an invoice showing she installed front and rear cameras but couldn't remove them when she handed the car back because she says it would cost too much. I've considered that the cameras would've enhanced the desirability of the car. And I also think that the dealership could've been more helpful in getting them removed when the car was returned to them. I think that when Mrs D had the cameras installed, she would've expected to have her car for a longer period. And so, I consider the cameras to be a consequential loss of the rejection of the car. It follows that I think Northridge should reimburse her £269 for the cost of the cameras.

The dealership has already taken back the car and refunded Mrs D's deposit of £5,795. But, Mrs D was without the use of those funds. So, I think it's fair for Northridge to add 8% simple interest to the deposit amount, from the time it was paid, to the date of settlement of this complaint.

I've also considered if Northridge should refund the monthly payments Mrs D paid throughout the time, she had the car. I know that Mrs D was nervous about driving with the gearbox issue, but I haven't seen any evidence to suggest the car was unsafe to drive. I say this because none of the reports carried out say it shouldn't be driven, and the dealership said the car was running fine when they had it in June 2023. The car's MOT history also showed it had been driven 44,409 miles in July 2023, so I've noted that Miss D drove the car 2,639 miles since she acquired it. As Mrs D had access to the car throughout this time, and she was provided with a courtesy car when her car was in for repair, I don't think the monthly finance repayments should be refunded as she had use of the car.

I can see Mrs D initially reported concerns with her car to the dealership and Northridge in February 2023. The dealership didn't agree to inspect the car until June 2023. Mrs D had a holiday booked for April 2023. I think if Northridge had progressed things quicker, it's likely that Mrs D wouldn't have needed to postpone her holiday. She also had to leave her postponed holiday early when the gear box issue happened again. I can understand why Mrs D was frustrated and disappointed with the effect this had on her time away.

I also think the delay in general would have been frustrating for Mrs D and she spent a lot of her time communicating with the dealership and Northridge. In addition, I've considered that Mrs D had lost trust in the car during this time, and this would've impacted her confidence in driving it.

And so, it follows that I think it is reasonable that Northridge pay her £300 for the distress and inconvenience these matters caused her. I think this amount acknowledges the impact that the delays in getting the car repaired and returned had on Mrs D, and the frustration and

inconvenience she would've felt throughout the process. I also think it accounts for the effect this had on Mrs D's holiday that she had to postpone and then abandon.

Mrs D accepted my findings but raised a query about the period 8% simple interest on the deposit should be paid. Northridge didn't respond to the provisional 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've noted what Mrs D said about the period of interest. To clarify, I think Northridge should pay 8% simple interest on her deposit from the date the payment was made to the date the deposit was refunded. This is because this was the time Mrs D was without use of the funds.

As Mrs D accepted the decision and Northridge didn't respond, I see no reason to depart from the conclusions I reached in my provisional decision.

Putting things right

My final decision is that I uphold this complaint and ask N.I.I.B. Group Limited trading as Northridge Finance to:

1. Pay Mrs D £269 for the purchase of the front and rear cameras onto the car;
2. Pay Mrs D £300 for the distress and inconvenience that has been caused;
3. Add 8% simple interest to the deposit amount of £5,795 which has been refunded. This should be calculated from the date the payment was made to the date the deposit was refunded to Mrs D.

Northridge must pay these amounts within 28 days of the date on which we tell them Mrs D accepts my final decision. If they pay later than this, they must also pay interest on the settlement amount from the date of final decision to the date of payment at 8% a year simple.

If Northridge deducts tax from any interest they pay to Mrs D, they should provide Mrs D with a tax deduction certificate if she asks for one, so she can reclaim the tax from the tax authorities if appropriate.

My final decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 January 2025.

Ami Bains
Ombudsman