DRN-5356347

The complaint

Mr N complains about the quality of a car supplied on finance by N.I.I.B. Group Limited trading as Northridge Finance ('NF').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

In May 2023 Mr N entered into a hire purchase agreement with NF for a car. However, he says there were problems with it from an early stage with loss of coolant, warning lights and loss of power.

Mr N says the dealer attempted repairs but the problems continued. He says he tried to reject the car but wasn't permitted to – and the car was taken in for more repairs and he has not seen it since.

Mr N wants to reject the car and receive money back and compensation. In March 2024 NF did not uphold Mr N's complaint. In summary, it indicated the issues he was having were down to reasonable wear and tear. So the matter was escalated to this service.

Our investigator upheld the complaint. Which Mr N agreed with.

NF did not agree. In summary, it says that it understands Mr N took the car to a third party to get repairs, but abandoned it without paying for the repairs. NF says it was willing to assist with up to 50% of the repair costs, but it cannot be responsible for the actions of Mr N which it deems outside of its control.

The matter has now been passed to me for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. NF is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 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 Consumer Rights Act 2015 says the quality of goods are 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 Consumer Rights Act 2015 ('CRA from now on') 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 can be aspects of the quality of goods.

NF supplied Mr N with a second-hand car that was around 6 years old and had done around 120,000 miles at the point of supply. The dealer priced it at £13,000 which is notably less than what a new or newer model with less mileage would cost. It is fair to say that in these circumstances (particularly noting the mileage) a reasonable person would consider that the car had already suffered significant wear and tear – and was likely to require more maintenance and potentially costly repairs much sooner than you might see on a newer, less road worn model.

I note that NF refers to issues being caused by reasonable wear and tear. And I have had regard to the significant mileage covered by the car pre-supply. However, in the particular circumstances here I am persuaded that the car was likely supplied with significant pre-existing issues relating to the engine which a reasonable person would not expect. Noting that the description of the car in the advert makes no mention of these issues and implies the car has been well looked after and is in broadly good condition.

In coming to my finding above I note that Mr N has provided extremely detailed and consistent testimony about the timeline of issues with the car which started almost immediately after collection. And this is backed up by other evidence including a chat log with the dealer that also contains photos.

Mr N says he went to collect the car around 19 May 2023 after agreeing the sale about a week or so before. But when he picked it up the dealer told him it needed a new radiator. He says he wasn't told about this at the point of sale. And this seems likely as there is nothing in the advert about it.

Mr N has shown in the chat logs he reports to the dealer a 'coolant low' message on 23 May 2023 (with a photo of the warning) – just a few days after getting the car. Messages from the dealer say *'I said this might come up'* then go on to talk about the new radiator being on its way soon. This all corroborates Mr N's testimony that the car was sold with some kind of notable issue relating to cooling which the dealer was already aware of. And which was likely not disclosed when Mr N decided to finance the car.

So prima facie, I think the car that was sold to Mr N was not of satisfactory quality in the circumstances. And he was due a remedy at that point. Mr N appeared to be OK with having a repair carried out at the time and that is not an unreasonable way of putting things right with the CRA in mind.

However, the evidence suggests that the underlying problem was not fixed by these repairs to the cooling system because I can see that weeks later Mr N reports the coolant warning appearing again. He takes a picture of the warning light. It appears that the dealer arranges for the car to be looked at and the coolant is simply topped up. Then a few months later the

chat logs show Mr N reporting that the coolant light has come on again. Mr N in his credible testimony has added he was having to top up the coolant regularly – and sometimes as frequently as three times in three weeks. This doesn't seem normal.

It appears that as a result of the persistent and unexpected coolant low lights the dealer arranges for Mr N to take his car in to be looked at. The dealer then starts to mention potential issues with the head gasket and other engine related components. Then there are some messages about waiting for parts – and getting the 'engine rebuilt'. My impression is that the car essentially needed a new engine, or rebuild of the same.

It stands to reason that an engine failure is a significant issue to go wrong on a car. And it is arguable with an extremely high mileage car a major component failure like this might occur. However, here the evidence points to the engine being faulty at the point of sale. I say this because of the apparent pre-existing cooling issues the dealer was aware of, the almost immediate coolant warning issues (and major repair) followed by ongoing seemingly related issues related to coolant loss.

In summary, I think the evidence here strongly suggests that the car was sold with inherent and significant issues, primarily related to the engine and cooling system. Which would render the car of unsatisfactory quality. I have already noted the initial attempts to remedy the problem. But I can see these were not successful, so Mr N would have a final right to reject the car. And while I appreciate that further repairs have been attempted since – I am satisfied that it is unfair to conclude that Mr N agreed to these instead of rejection. I can see from the chat logs with the dealer that Mr N was very clear about wanting to reject the car after the persistent issues and the dealer told him it wasn't possible. And even if I were persuaded that Mr N had agreed to more repairs (which I am not) the CRA states repairs need to be done without causing significant inconvenience. Here I can see Mr N was kept waiting for months without the car for repairs to be carried out because of apparent parts shortages. So he would have a right to reject in any event.

I also note that aside from the issues with the cooling system Mr N had also, from an early stage, been reporting issues to the dealer with the car losing power and going into limp mode with a driver 'stabilisation' warning appearing. He reported these warnings within a month of getting the car (on 18 June 2023) and explained how this almost caused an accident. Again despite the mileage of the car – this issue occurred so soon after purchase it would appear to have likely been present at the point of sale. I note more repairs were attempted through the dealer – which were also apparently unsuccessful, and led to Mr N having to get more repairs carried out.

All things considered, it is reasonable to allow Mr N to exercise his final right to reject the car in line with the CRA. I now turn to fair redress.

From what I understand the car is with the dealer, or its repairer because the latest engine related repair bill has not been settled. I note that NF has made the assertion that Mr N organised the latest repairs himself. And that this somehow means it is not liable for what has occurred here or the outstanding cost of repairs. I remind NF that it is responsible for the quality of the car at the point of sale and these repairs appear to be a direct result of its breach of contract in supplying a car that was not of satisfactory quality. Furthermore, and in any event, I am not satisfied the repairs were organised by Mr N – it appears from the chat log that the dealer which brokered the finance arranged these.

Overall, I am satisfied that NF should arrange to collect the car (at its own cost) and end the finance without further liability for Mr N (including none regarding the outstanding cost of any repairs). I note NF said Mr N stopped paying for the finance. However, because of the

quality issues he has had I consider that NF should ensure that there is no adverse information in respect of the finance agreement on Mr N's credit file.

NF should also refund Mr N the rentals from when he last stopped using the car which I am satisfied was after 22 November 2023 when he had the latest coolant warning. So he should get a refund of any payments he has made relating to the period post this date. He should also fairly get a refund of his deposit.

Mr N has said he didn't have use of a car on several occasions when his financed car was in for repairs and when a courtesy car was not available. I know the car has been in and out of the garage several times. Mr N's testimony is credible and supported by other evidence like the chat logs and some repair paperwork. I am not sure of the exact dates Mr N was left without a car. But I note that our investigator has set out dates in her view which Mr N has accepted and NF has not persuasively challenged. Even if they are not the exact dates they broadly represent a number of days Mr N was likely without the car due to NF's breach. Overall, I consider it fair to accept the dates our investigator has re-counted and refund payments on a pro-rated based relating to these as follows:

19 June 2023 – 6 July 2023
20-21 July 2023
17-24 October 2023

I can also see that Mr N has said he had to pay £144 in relation to issues with the car stabilisation warning/loss of power I refer to above. And because I consider this is connected with the underlying breach by NF in respect of the quality of the car, I think it fair that it refund Mr N for this too. I note the invoice for this cost appears to be made out to a member of Mr N's family. I can't reimburse third parties for their losses, however, as long as Mr N can show NF that he incurred this loss (with a bank or card statement from his or a shared account) or that he has reimbursed said family member for the cost – then NF should fairly pay this refund to him.

Mr N has clearly been caused notable distress and inconvenience by the issues with the car. I can see from his correspondence to the dealer how frustrating it has been for him. He says the problems with the car were every couple of weeks and that it has disrupted his routine, causing him not to go out some weekends and cancel plans. He has also explained the stress and impact on his mental health – which I am sorry to hear about. I can see that Mr N has been extremely patient with the situation in the circumstances – and I don't consider that NF sufficiently supported him with the issues he was having considering how early he had reported these to the dealer and how persistent they appeared to be.

Deciding compensation is not a science but I have taken into account the guidance on our website about our approach to awards for distress and inconvenience. In doing so I note that here Mr N has been caused more than the usual level of disruption you would expect in everyday life. And here the disruption has gone on for many months, causing a great deal of frustration. In the circumstances I consider the £350 our investigator has awarded to be fair. And I note that Mr N agrees with this too, and NF has not provided persuasive submissions as to why this would not be fair here.

Putting things right

As set out below.

My final decision

I uphold this complaint and direct N.I.I.B. Group Limited trading as Northridge Finance to:

- Collect the car at its own cost;
- end the finance agreement without further liability for Mr N and ensure no adverse information remains on his credit file in respect of it;
- refund Mr N's deposit of £1,300;
- refund Mr N any payments he has made relating to the period from 22 November 2023;
- pro-rata refund Mr N for the dates where the car was in for repairs as specified in my findings above;
- refund Mr N for the £144 repair (on proof of loss as discussed above);
- pay 8% simple yearly interest on all refunds from the date of payment to the date of settlement; and
- pay £350 compensation.

If NF considers that it is required to deduct tax from my interest award it should provide Mr N with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 14 August 2025.

Mark Lancod
Ombudsman