DRN-5488924

The complaint

Mr B complains about the quality of a new vehicle that was supplied through a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance (NIIB).

What happened

In June 2021, Mr B acquired a brand-new vehicle through a hire purchase agreement with NIIB. The cash price of the vehicle was £34,250. An advanced payment of £11,655 was made, so the total amount financed on the agreement was £22,595 payable over 48 monthly repayments of £364.50 followed by a final monthly repayment of £8,132.50.

Mr B complained that the vehicle experienced engine failure by December 2022. He said despite the engine being replaced on at least three occasions it remained faulty. Mr B said the vehicle wasn't fit for purpose. He also complained about the service he's received from the dealership.

In August 2024 NIIB issued their final response to the complaint which they didn't uphold. In summary, it confirmed Mr B declined an offer to reject the vehicle, however this included Mr B having to pay a significant amount in excess mileage charges. It considered the mileage covered by Mr B and the non-compliance to the manufacturer's maintenance schedule, during the time he used the vehicle, meant the engine failure was unlikely to have been present or developing at the point of supply.

Unhappy with their decision, Mr B brought his complaint to our service where it was passed to one of our Investigator's to look into. Mr B told the Investigator that to resolve things he wanted to reject the car and receive a full refund of repayments or to be provided with a replacement car.

The Investigator recommended that Mr B's complaint should not be upheld. The Investigator considered that Mr B didn't service or maintain the vehicle in accordance with the manufacturers guidelines and that this would have likely contributed to the engine's failure.

Mr B didn't accept the Investigator's assessment and provided an independent inspection report in relation to the fitting of a new engine. However, as the report didn't advise on whether the faults would have been developing or present at the point of supply, the Investigator didn't change their opinion.

Mr B responded to say that he believed the implications the report made, that a manufacturer fault exists with the injectors and that there was a cold start problem, would suggest the issues may have been present or developing at the point of sale. Mr B said he felt NIIB as the supplier of the vehicle had a responsibility to ensure the goods were of a satisfactory quality when it was supplied to him.

Following the Investigator's assessment, Mr B raised further concerns with NIIB about the validity of parts used during repairs to the vehicle and questioned the accuracy of maintenance and mileage data used by the dealership. To be clear I've not considered these claims as part of my decision as NIIB will need to investigate and respond to them in the first instance. My focus in this decision is whether the vehicle NIIB supplied to Mr B was of satisfactory quality, and whether NIIB have acted fairly in the circumstances.

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 what is fair and reasonable, I've thought about all the evidence and information provided afresh and 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.

As part of his complaint, Mr B has made some lengthy submissions. 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.

Mr B complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr B's complaint about NIIB. NIIB is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering 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 consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, the car was acquired new, with a cash price of around £34,250. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second hand, more road-worn car and that it could be used – free from defects – for a considerable period of time.

From the information provided I'm satisfied there's a fault with the car. This is apparent from the visit report dated 13 November 2023, which confirms the repairs that were carried out to the engine, turbocharger, cam shaft lifters and fuel injectors. The final response from NIIB also confirmed the vehicle experienced catastrophic engine failure in September 2022. So, neither party disputes that the engine has failed. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Satisfactory quality

The issue of engine failure, which brought rise to this complaint, arose in December 2022, Mr B confirmed this in an email dated 28 August 2024 and in a phone call to our service when he brought the complaint to us. In a visit report carried out by the warranty firm and dealership, in November 2023 the mileage is confirmed as 118,853. During his phone call to us Mr B said three attempts were made by the dealership and manufacturer at replacing the engine, but it failed at each attempt. So, I'm satisfied that the failure mileage would have been around 118,853.

I've considered that Mr B acquired a new vehicle and had built up a significant distance over a relatively short period of time. Mr B averaged around 6,500 miles each month. I think it's fair to conclude that the mileage travelled by Mr B was significantly above the average annual mileage and which would likely lead to a higher amount of wear and tear on the vehicle.

The visit report completed in November 2023, identified that around ten services were completed on the vehicle prior to its engine failure. However, that eight of them contravened the manufacturer's recommended service schedule. I acknowledge Mr B disputes the number of services completed, however, whether it was nine or ten services that were completed, I'm satisfied most of them were not completed as recommended.

I think it's reasonable to conclude that with the amount of mileage being travelled by Mr B, in the space of time that he did, the servicing would probably have had even more significance to ensure it was completed as recommended. Having considered the circumstances surrounding the engine's failure I don't think it's unreasonable that it failed when it did.

I acknowledge Mr B has raised some concerns about delays to services being carried out by the dealership, however I still consider it was Mr B's responsibility to ensure his vehicle was readily available to be serviced and in good time. Mr B may decide to raise a separate complaint against the servicing garage if he feels unreasonable delays were caused, in this regard.

In their final response NIIB confirmed they initially proposed to facilitate a rejection of the vehicle. However, that Mr B would have to pay for excess mileage costs as he'd exceeded the 12,000 annual mileage allowance.

I think it was reasonable for NIIB to propose this, as they would have to receive an asset that was significantly worn and therefore impacting its' current and future value.

Despite initially agreeing to reject the vehicle, NIIB didn't uphold Mr B's complaint because they considered there was no evidence the issues with the engine were present or developing when it was supplied to Mr B. Given the evidence, as provided on the visit report, that the servicing schedule recommendations had been breached, I don't think it was unreasonable that NIIB considered the vehicle was of satisfactory quality when it was supplied.

Mr B arranged for an independent inspection of the vehicle to ascertain the cause of the engine failure and whether a new engine had actually been fitted.

The inspection took place in March 2025 with an unconfirmed mileage. The last recorded mileage, however, was in October 2024 where it had 119,091.

In an email to the Investigator, dated 26 March 2025, Mr B said that the independent inspection report confirmed his claim that the vehicle wasn't fit for purpose since the breakdown in December 2022. And that the faults were a direct result of a manufacturer defect.

Having reviewed the independent inspection report, I don't agree that it's made a conclusion that the engine fault was due to a manufacturer defect. In its conclusions, the report said the engine unit fitted was of a new appearance, so they weren't able to determine whether it was remanufactured from the second failed engine.

It also said:

‘*we would suggest that the injectors are checked and retested as these may have been the cause for the initial and possible subsequent engine failures’*

However, it didn’t confirm that the injectors were the cause. Only that it may have been. So, I don’t conclude that it was the case.

I recognise Mr B’s strength of feeling about the conclusions of the inspection report, but I’m not satisfied it gives a conclusive cause of the failure of the vehicle’s engine.

Mr B said the vehicle hasn’t been fit for purpose since its breakdown in December 2022. I don’t doubt this is the case, particularly as it’s not yet been repaired successfully. However, this doesn’t have me conclude that NIIB are at fault. NIIB had a responsibility to ensure Mr B was supplied with a vehicle that was of satisfactory quality. And from the information and evidence provided I’m satisfied that they had done so. I’m also satisfied that they’ve acted fairly throughout.

As I’ve concluded that the vehicle was of satisfactory quality at the point it was supplied, I don’t require NIIB to take any action in respect of this complaint. I leave it to Mr B to decide if on reflection he would like to accept the offer made by NIIB to reject the vehicle (if it is still available).

My final decision

My final decision is that I don’t uphold Mr B’s complaint about N.I.I.B. Group Limited trading as Northridge Finance.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 18 August 2025.

Benjamin John
Ombudsman