

The complaint

Mr M complains about the quality of a car supplied to him 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.

Mr M took out a Hire Purchase agreement with NF around April 2023. However, he says from an early stage he had issues with the car with the brakes and a nail in the tyre that had not been fixed as agreed at the time of sale. He says the car came back with further damage and he has since discovered other issues with it including the window not opening, engine mis-firing, tow bar not working properly and errors with electronics.

Mr M said the dealer agreed to take the car back but then reneged on this offer. The relationship between him and the dealer broke down and he approached NF to resolve matters. Mr M approached NF to report his concerns in August 2023 – it said it was investigating and then gave him an answer in May 2024 where it did not agree to accept rejection of the car.

The matter was looked into by this service. Our investigator upheld the complaint. NF did not respond so the matter was referred 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.

I know that Mr M has accused the dealership of making threats against him – however, that isn't something I consider appropriately dealt with here. Mr M's complaint is against NF and I am considering its responsibilities in respect of the supply of the car only. Any civil dispute with the dealership in respect of allegations of threatening behaviour can be reported to the relevant authorities. I won't be commenting further on this point.

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.

I note that Mr M has indicated that the car is used in relation to his work. But from what he

has said the car does not appear to be wholly or predominantly used for that purpose. It appears to be primarily a family and commuting car. Therefore, although the credit exceeds £25,000 I consider the agreement is regulated and one I can look at. NF has also not argued otherwise.

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 M with a second-hand car that was around 3 years old and had done around 49,000 miles at the point of supply. So, a reasonable person would consider that the car had already suffered some wear and tear – and was likely to require more maintenance than you might see on a newer, less road worn model. However, I note the car was priced at just over £50,000. Along with this, and the fact the car was not extremely old or high mileage, I consider there would be reasonably high expectations around the quality of the car – particularly in the early stages.

The evidence I have, including strong testimony and circumstantial evidence (like videos) persuades me that Mr M had issues at an early stage with the car (and within the first few weeks) particularly with the brakes squealing. Which I wouldn’t expect to occur on a car like this so soon after supply. Mr M said attempts were made to repair these but they are still defective. And that other early problems came up with the car too that were highlighted at the time but not addressed by the dealer .

Mr M says he reported his concerns with the car to NF at an early stage– I can see he first raised a complaint in August 2023 which is just a few months after taking supply of it. In NF’s final response letter it appears to acknowledge that Mr M raised issues with a nail in the tyre, cosmetic damage, warning lights, cruise control, cameras and the radio. So I am satisfied that these issues were likely raised at an early stage with both NF and the dealer.

I think that issues such as cosmetic damage are more difficult to argue as rendering the car of unsatisfactory quality at the point of supply. As there are disputes as to when cosmetic damage occurred – or what was visible and accepted at the time of sale (this is a second-hand car after all so would not be blemish free).

However, the other issues highlighted by Mr M at an early stage I consider would render the car of unsatisfactory quality. It appears to be accepted by NF that some or all of these issues were present at the point of sale – and the dealer attempted to remedy them.

A repair in the first instance is not necessarily an unreasonable remedy. I know that Mr M might argue that he tried to reject the car early on but it isn’t clear if Mr M rejected the car within the first 30 days from supply in accordance with his rights under the CRA. In any event, because of my later findings – it doesn’t make a difference here. Nor, do I consider

any agreement with the dealer to take the car back to be material here either – noting that it isn't the supplier.

I have considered if it appears any breach of contract in respect of the quality of the car has been remedied or not. I note Mr M got an expert report in February 2025 which confirms the car has numerous faults including warning messages showing a brake system defect and 'an excessive' 23 fault codes relating to various aspects of the car including the 'airbag and autonomous braking systems'. The expert also notes defective air suspension, and a non-operative tow bar. Along with a problem with a window that had been secured closed (Mr M indicates this occurred as the window was dropping down as he discovered it had been manually propped up previously).

I am not really sure how clear it is regarding the window issue as a fault that renders the car of unsatisfactory quality – as it isn't clear who secured it closed in the manner it has been and what the history leading up to that is. But many of the other issues appear to be notable faults which would render the car of unsatisfactory quality.

There is the question of whether these issues were present at the point of supply – or issues that had been caused by usually expected wear and tear or the particular way the car has been used. I note here that at the time of inspection Mr M had covered about 28,000 miles in the car (bringing the mileage close to 78,000). So it could be said the faults in the report are not related to the inherent quality of the car (or its durability) but Mr M's use. However, I also note that Mr M reported many of the apparently related issues with the cars braking, electrics and warning lights to NF much earlier and when the car had not done excessive mileage. So it seems that at least some of the faults that were later highlighted by the expert report could not reasonably be put down to wear and tear or Mr M's individual use of the car.

On balance (and noting the lack of NF's persuasive submissions on the matter) I think that Mr M has shown the car was not of satisfactory quality at the point of the sale. And even if some issues have developed as a result of wear and tear, at least some ongoing issues are a result of NF's breach of contract in respect of the quality of the car as supplied. As a repair has already been attempted on the car it now seems fair (with the CRA remedies in mind) that Mr M can reject the car.

NF should take back the car – end the agreement and refund Mr M's deposit contribution. I note Mr M has missed payments but NF should also remove any adverse information from his credit file in respect of the agreement. I acknowledge Mr M probably should have continued to pay under protest – but noting the breach of contract by NF in respect of the car it supplied I don't think its fair he has adverse information going forward.

I also think its fair Mr M gets a refund for the cost of the expert inspection he had to pay for to show the car still has ongoing and significant issues. He should provide NF with proof of payment for this and it can reimburse him.

I have considered that Mr M has continued to use the car despite saying he wants to reject it. But its clear the car is important for him in respect of his day to day activities and he says it was difficult to obtain credit for another while this agreement was ongoing (which sounds plausible). While evidence (including video evidence) shows that he wanted to reject it at a much earlier stage. So I don't think it would be fair to say that he can't reject it now.

I don't think Mr M is due back any repayments as evidence shows that he hasn't completely stopped using the car. A recent odometer reading shows it has done around 80,500 miles to date which I think (despite Mr M's comments about the electrical issues with the car) is likely accurate. Mr M has also confirmed that he stopped making payments to the agreement around August 2024. The arrears notice I have seen shows it is likely he stopped paying in

July 2024 – so in theory he owes NF at least 9 months of repayments at the time of writing. Because of the monthly payments being high – this would be a significant amount of money.

However, balanced against this I note the following:

- Mr M has provided credible testimony to say that due to the faults he has not been able to use the car for many intended activities (particularly those with his family like holidays as he did not feel confident having passengers in the car due to the numerous issues with it).
- Mr M has explained the whole issue has caused a huge mental strain on him over a prolonged period – I can also see that he raised issues with the car to NF very soon after supply (August 2023) and it did not appear to provide him adequate support in order to investigate and facilitate potential rejection of the car. It took a very long time for it to provide any sort of response to the quality issues he raised. Noting the amount of time NF has delayed in investigating and resolving things – and what Mr M has said about the impact on him I think this would usually justify a significant award for distress and inconvenience.
- I can see the car likely had faults from an early stage of the agreement – and as it was not functioning as intended from this point it is arguable Mr M should at least get a partial refund of all monthly payments he has made to date to reflect that impaired use – as he was paying a premium amount for a car that appears to have had significant and ongoing defects impacting his day to day use from the start.
- Mr M has said he has paid out for repairs on the car – such as brakes – and that his family have had to get taxis or local transport due to Mr M's concerns about taking them places in the car – particularly since the expert report confirmed potential safety issues. While Mr M has not provided receipts for these expenses as far as I can see it is likely he has had some additional outlay as a result of NF's breach.

With all this in mind I note our investigator did not make an award for distress and inconvenience, for the additional costs Mr M has mentioned or for impaired use of the car (which in the circumstances I think could be as high as 20-30% of monthly payments made to date). Rather than make a separate award for this – I am (similarly to our investigator) simply going to ask NF to write off the outstanding arrears which Mr M would have usually been expected to pay. The arrears are likely significant but I think this is broadly a fair way to balance things out. I also note that NF has not made any submissions on this point since our investigator's view to persuade me otherwise.

Putting things right

NF should put things right as I have set out below.

My final decision

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

- End the agreement with nothing further to pay and collect the car at no further cost to Mr M;
- refund Mr M's deposit contribution;
- refund (on production of proof of payment) the cost of the expert report; and
- pay 8% simple yearly interest on all refunds from the date of payment to the date of settlement.

If NF considers it should deduct tax from my interest award it should provide Mr M with a certificate of tax deduction if he requests this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 June 2025.

Mark Lancod
Ombudsman