

The complaint

Mr T complains that N.I.I.B. Group Limited trading as Northridge Finance approved him with an unaffordable regulated hire purchase agreement.

Mr T's complaint has been brought by a professional representative, but for ease I've referred to all submissions as though they are his own.

What happened

In January 2019 Northridge Finance provided Mr T with a hire purchase agreement for a vehicle with a cash price of £35,000. Mr T paid a deposit of £10,300 by way of a part exchange, and financed the remaining balance of £27,400. The agreement was repayable over 38 months with 37 instalments of around £250 and a final payment of £18,775. The total repayable value of the agreement, including interest, fees and the deposit was around £38,300.

Mr T complained to Northridge Finance in November 2024 about unaffordable lending. He said Northridge Finance's checks hadn't been proportionate and that more detailed checks would have identified this agreement wasn't affordable for him. Mr T has said Northridge Finance's decision to lend to him has led to an unfair relationship.

Northridge Finance issued its final response in November 2024 in which it didn't uphold Mr T's complaint. In summary it said it had completed proportionate checks and had made a fair lending decision when providing him with this credit agreement.

Unhappy with Northridge Finance's response Mr T referred his complaint to our service.

Our investigator considered the details and didn't uphold the complaint. She didn't think Northridge Finance had completed proportionate checks before providing this lending; so, she went on to consider what it would more likely than not have identified through proportionate checks. Our investigator reviewed Mr T's evidenced financial circumstances in the lead up to this agreement and concluded that Northridge Finance would reasonably have provided Mr T with this credit agreement. She therefore concluded it had made a fair lending decision when providing Mr T with this hire purchase agreement.

Northridge Finance didn't respond to our investigator's view; Mr T responded and disagreed. In summary he provided his own income and expenditure assessment of his finances at the time; and maintained his position that Northridge Finance hadn't made a fair lending decision when providing him with this hire purchase agreement.

Our investigator considered the points and evidence Mr T had provided and set out why their view didn't change.

Mr T asked for an ombudsman's review, so the complaint has been passed 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.

The information in this case is well known to Mr T and Northridge Finance, so I don't intend to repeat it in detail here. I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr T or Northridge Finance by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. Both Mr T and Northridge Finance have been made aware of this approach.

At the time Northridge Finance arranged this agreement it was required to carry out proportionate checks. These checks required it to assess Mr T's ability to afford the agreement being arranged and repay it sustainably, without causing him financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances.

I've followed this approach when considering Mr T's complaint and I've set out my findings below under separate headings for ease.

The lending decision

Northridge Finance has said it obtained Mr T's declared income and it completed a credit check to identify his existing credit commitments and management of credit.

Northridge Finance says it completed proportionate checks and made a fair lending decision when arranging this hire purchase agreement.

I've considered the information and arguments presented. Having done so, I'm not persuaded that Northridge Finance did complete proportionate checks; however, for reasons I'll go on to explain I consider it made a fair lending decision when providing Mr T with this hire purchase agreement.

I say this because Northridge Finance has confirmed it didn't verify Mr T's income, nor does it appear to have taken any values for his non-discretionary expenditure (except his monthly mortgage payment) when assessing Mr T's affordability to sustainably make repayments to this agreement. Northridge Finance was tying Mr T into a relatively sizeable hire purchase agreement, both in value and repayment terms. So, I consider it needed to verify Mr T's income and understand his non-discretionary expenditure, to ensure it could reasonably satisfy itself that this agreement would be sustainably affordable for him.

Northridge Finance could have obtained this information in a number of ways as the rules aren't prescriptive in what it should consider. Our service's general approach is to ask a customer to provide us with their main bank statements showing their income and expenditure covering a period of three months leading up to a lending event. We generally find that this allows us to recreate what proportionate checks would more likely than not have shown a lender, had it completed them at the time.

Mr T has provided us with an affordability report which includes a transaction list of credits and debits through his main bank account across the three months leading up to this lending decision. In the absence of any other contradictory information, I've considered this information to understand what Northridge Finance would more likely than not have identified about Mr T's income and expenditure, had it completed more detailed checks.

Mr T's regular evidenced income across the three months averages around £2,000. This is made up of a salary and regular payments from a family member, which Mr T has confirmed were regular and were to support housing costs.

Mr T's regular non-discretionary expenditure totals on average around £800. This is made up of a mortgage payment, mobile phone contract and some other regular commitments. Mr T makes no evidenced payments towards other household costs, and this is supported by his testimony where he told us he paid the mortgage and his partner paid other household bills.

Mr T has evidenced payments to existing credit commitments, and these largely correlate to the information Northridge Finance identified through its credit check. Mr T had existing credit commitments totalling around £340. I acknowledge within the credit check information Northridge Finance obtained that there was a further hire purchase agreement, however it's clear that agreement was being replaced with this new one. There was no adverse information within the credit check Northridge Finance obtained that suggested there were any concerns with Mr T's finances, or his ability to manage finance.

While Northridge Finance needed to ensure the new agreement was sustainably affordable for Mr T; I consider it would also have reasonably taken a high level of confidence from the fact Mr T had repaid his existing hire purchase agreement, with a higher monthly repayment of around £310, on time during the previous 18 months it had been active.

Taking my above findings into account this means Mr T would be left with around £610 when factoring in the repayments to this hire purchase agreement. I consider this is a level of disposable income that Northridge Finance would reasonably have considered affordable for Mr T to be able to afford other living costs and costs associated with the vehicle.

Mr T has made reference to a higher level of non-discretionary expenditure and monthly repayment of credit in each of the months leading up to this agreement. However, I would set out that my findings are based on the income and expenditure details I consider Northridge Finance more likely than not would reasonably have identified through proportionate checks. Some of the income and expenditure details Mr T points to aren't immediately identifiable as being towards non-discretionary expenditure, or regular monthly commitments for that matter. So, I don't consider it would have been reasonable for Northridge Finance to have taken these into account.

I acknowledge Mr T was receiving a regular income from his family, as I've set out above. Even if this regular income was to stop, I'm satisfied Mr T would still have been left with a reasonable level of disposable income to sustainably afford this agreement.

So, it therefore follows I consider Northridge Finance made a fair lending decision when providing Mr T with this hire purchase agreement.

Did Northridge Finance act unfairly or unreasonably in any other way?

I've gone on to consider whether Northridge Finance has acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

I've seen Mr T made all monthly payments in line with the contractual agreement, which was settled in 2022. The contact notes I've seen show Mr T contacted Northridge Finance to change his monthly payment day, and request multiple settlement quotes while the agreement was active; but it doesn't show any contact from Mr T to make it aware of any affordability issues. I consider this supports the testimony I've seen from Mr T where he's told us he didn't struggle to make his payments during the term of the agreement. So, it doesn't appear Northridge Finance was made aware of any concerns with affordability, or ought reasonably to have been aware of any, until this complaint was made in November 2024.

For the reasons I've set out above, I don't think Northridge Finance lent irresponsibly to Mr T, or otherwise treated him unfairly or unreasonably in relation to this agreement. And I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

It therefore follows, for the reasons set out above, that I'm not directing Northridge Finance to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mr T'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 T to accept or reject my decision before 21 October 2025.

Richard Turner
Ombudsman