

The complaint

Mr W complains about a car supplied to him using a hire purchase agreement taken out with N.I.I.B. Group Limited (“Northridge”).

What happened

In September 2024, Mr W acquired a used car using a hire purchase agreement with Northridge. The car was over seven years old, the cash price of the car recorded on the agreement was £11,295, the agreement was for 48 months, made up of 47 regular, monthly repayments of £195.57, followed by a final payment of £205.57, which included a £10 option to purchase fee. The advance payment recorded on the agreement was £3,500. The car’s mileage at the point of supply was 54,629 miles. Mr W said he was informed that the timing belt required replacing at 60,000 miles.

Mr W said that since he acquired the car, he had to top the engine up with oil on a regular basis. Mr W said he was told by the supplying dealership that this was normal, and that the wet belt fitted to his car used a higher amount of oil.

Mr W continued to top up the car’s engine oil for the next few months, every 600-700 miles. In November 2024, Mr W said that no warning light appeared on his car’s dashboard in relation to engine oil, but when he manually checked the oil dipstick, he noticed he needed to add around 1.7 litres of oil to the car.

In December 2024, Mr W said a warning appeared on the car’s dashboard that read, “*Engine Fault: Stop the Vehicle*”. The car had been driven 60,053 miles at that point. Mr W’s car seen by a third-party recovery company, who also provided a brief report of what they noticed. Mr W said that the recovery company provided a temporary fix by topping up the engine oil.

Later in the month, Mr W took the car to be serviced and for the oil leak to be investigated. Mr W said that a diagnostics report was completed on the car and an engine misfire was identified, along with oil deposits found on the piston heads. Mr W said he was advised not to drive the car as what was found was an indication of a serious engine failure.

Mr W said the garage didn’t have availability to investigate the car fully until January 2024. So, Mr W took the car to another third-party garage, who found, among other things, that there was a problem with the Networks Voltage Stabiliser Circuit; excessive amounts of oil entering the combustion chambers; and heavy carbon build-up on the cylinder head, valves and fuel injector nozzles. The piston rings were suspected to be the cause of the issue, but a full strip down of the engine was required to understand fully what had happened.

Mr W said he was informed by the third-party garage that this type of failure to the car wasn’t normal and that the fault was present at the point of supply. Mr W was unhappy as he thought that the advice he received from the supplying dealership was their attempt to cover up the underlying issue of an oil leak into the engine.

In January 2025, the car was independently inspected, on behalf of the warranty company. At the time, the mileage of the car was 61,045 miles. The report found there was a fault with the car in the form of oil combustion, and that this wasn't uncommon on this engine type and was often due to carbon build up and internal engine wear.

Mr W complained to Northridge and due to the time they were taking in providing their response, he referred his complaint to our service in March 2025.

Northridge eventually gave Mr W their final response. They said that an independent inspection was carried out to the car and found that the issues Mr W experienced wouldn't have been present or developing at the point of sale. And so, Northridge didn't uphold Mr W's complaint.

Our investigator proceeded to issue her view of the complaint and found that Northridge didn't need to do anything further. In summary, the investigator was satisfied there was a fault with the car but didn't conclude that the fault was present or developing at the point of supply, but rather a wear and tear issue. The investigator also said that reports indicated that there were external oil leaks and that the car continued to be driven for a further 2,000 miles, even when it was advised not to be driven.

Mr W disagreed with the investigator's findings. Among other things, Mr W strongly believed that there were no external oil leaks visible in December 2024, as confirmed by two different third parties. Mr W thought there was an internal leak and so wasn't aware that the car needed to be investigated. Mr W also said that the car was using far higher amounts of oil than what was advised.

Mr W provided our service with the service history of the car and explained the car had been serviced five times before the point of supply.

An investigator issued a further view where they explained that the outcome hadn't changed. And so, the complaint was 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.

Having done so, I'm not upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr W complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr W's complaint about Northridge.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Northridge here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to

point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr W acquired was used, over seven years old, had been driven around 54,650 miles and cost around £11,300. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

I don't think it is in dispute here that the car developed a fault. I say this because there has been several diagnostics and reports completed by several third-party companies to show that there is an issue with the car. Firstly, in early December 2024, a third-party recovery company said:

"Oil very low. Member bought some oil and topped up. No visible leaks. Excessive oil coming out of exhaust indicating possible turbo issue. Cambelt also looks very perished. Requires urgent garage attention"

Later in the month, a third-party garage said:

*"...There is excessive amounts of engine oil entering the combustion chambers (particularly cylinder #2)...
There is heavy carbon build up on the cylinder head, intake/exhaust valves & fuel injector nozzles.
Next steps... Strip down engine to ascertain the primary cause of excessive amounts of oil entering the combustion chambers (piston rings suspected)."*

And then, two different independent reports were completed on the car., One of the reports, completed on behalf of the warranty company said:

"In our opinion, there is evidence of a moderate to severe oil leak from the engine."

The second report said:

"We inspected the engine bay where we can confirm there was an oil leak to the rocker cover and from the timing cover."

While I accept that the root cause of the fault hasn't been determined, as the engine hasn't been stripped, or an engine oil consumption road test carried out, considering the above, I think it is likely there was a fault to the car, and in relation to the car leaking oil. And from the findings of the third-party garage, it is likely the fault was due to faulty piston rings.

Was the car of satisfactory quality at the point of supply?

There's two differing opinions here. Mr W strongly believes the fault with the car was present at the point of supply, evidenced by the need to regularly top up the car's engine, beginning shortly after the point of supply. And also, from the diagnostic report that was completed by a third-party garage, which found:

“... in my opinion the cause of the excessive amount of engine oil I observed in the engines combustion is likely to have been present for some time.”

On the other hand, Northridge has supplied a report completed by an independent engineer, which concluded:

“...if the vehicle is capable of passing emissions it may still be considered to be serviceable even with higher oil consumption figure.

We would consider, with the elapsed time and mileage covered in the vehicle, the fault would not have been resent [sic] at the point of policy inception...”

It's worth highlighting early on that I don't dispute Mr W's version of events here. I accept that he has had to regularly top up the car's engine oil level. And from what I have seen, I also accept that it is likely that Mr W has had to top up the car's engine more frequently than the manufacturer's guidelines suggest.

In broad terms, I think some parts of the car have failed sooner than I would have expected them to. But I'm also mindful of the car's service history, which I think is the crux of the issue here. Mr W has supplied the car's service history which shows that the car wasn't serviced in line with the manufacturer's guidelines, before the car was supplied to Mr W.

As Mr W has quite rightly pointed out, the car wasn't serviced as expected, and on some occasions, it was only serviced once, when it should have had at least two services. Considering this, I think it is likely the car had been poorly maintained before it was acquired. The car likely has been used without proper maintenance completed on it. And without these checks and maintenance being completed, it is likely significant degradation occurred to the car, such as to its engine and piston rings, before the car was acquired.

I can't see anything to suggest the car was sold to Mr W with a full-service history. And I can't see anything else that suggests Mr W was misled about the condition of the car before he acquired it, such as a false statement indicating there was no engine damage to the car. So, it follows that I don't think the car was supplied to Mr W of unsatisfactory quality, taking into account its age, mileage, and service history.

My final decision

For the reasons I've explained, I don't uphold this complaint. So, I don't require N.I.I.B. Group Limited to do anything more here. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 January 2026.

Ronesh Amin
Ombudsman