

The complaint

Mr A complains that a car acquired under a Personal Contract Purchase (PCP) agreement with N.I.I.B. Group Limited trading as Northridge Finance ("Northridge") wasn't of satisfactory quality when it was supplied to him.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In February 2022, Mr A entered into an agreement to acquire a car from a dealership (T). No deposit was paid, with the total balance being provided under a PCP agreement with Northridge. The car was just over three years old and had covered approximately 33,500 miles when Mr A acquired it. The agreement was for 48 months, with monthly payments of £278.21 and a final payment of £8,087.50 if Mr A wanted to keep the car at the end of the agreement. The cash price of the car was £17,800.

In January 2023 Mr A took the car back to T for some repairs as the engine management light (EML) was illuminated. T replaced the water pump. The car had covered approximately 44,300 miles at this point. T carried out an MOT on the car while it was in their garage.

A faulty exhaust sensor was replaced in April 2023. The car was serviced by T in October 2023 and had covered approximately 52,100 miles. Mr A had covered just under 20,000 miles in the car since being supplied with it.

In May 2024, the car broke down. It had covered approximately 55,200 miles at this time. Mr A arranged for the car to be recovered to T by a breakdown assistance company. T diagnosed no compression in two of the cylinders, with an engine replacement the only suitable repair. Mr A was given a quote in the region of £6,000 to repair – although T managed to get the manufacturer to agree to cover 50% of the repair costs.

Mr A complained to Northridge at this point, although he has mentioned he'd raised complaints in 2023 to them about the quality of the car. He said the car wasn't of satisfactory quality and he wanted to hand it back and end the agreement. Northridge didn't respond to Mr A in good time, so he brought his complaint to our service.

Our investigator upheld Mr A's complaint. He said he felt there was sufficient evidence to suggest the car had failed prematurely and was therefore not sufficiently durable. He said Mr A could reject the car and Northridge should end the agreement. He also said Northridge should refund any payments Mr A had made to the agreement from May 2024, as the car had been off the road since then. He also asked Northridge to pay Mr A £200 compensation for being supplied with a car that wasn't sufficiently durable.

Northridge didn't accept. They said Mr A hadn't shown any independent evidence to show any faults with the car had been present at the point of supply and it was his responsibility to do so.

As Northridge didn't agree, the complaint was passed to me to decide. I issued a provisional decision on 26 June 2025. It said:

'I've considered all the available evidence and information to decide what's fair and reasonable in the circumstances of this complaint.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

I think it's worth starting by explaining that I'm only looking at Northridge's responsibility here as the finance provider for the car. Mr A has been in contact with T post-sale – but at that time T weren't acting as agents of Northridge, and Northridge can't be held responsible for anything T have done post-sale.

As the PCP agreement entered by Mr A is a regulated consumer credit agreement this service is able to consider complaints relating to it. Northridge are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr A entered. Because Northridge supplied the car under a PCP agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as – amongst other things – the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

But, on the other hand, satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr A's case, the car was used and had covered approximately 33,500 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has explained that he thinks the evidence suggests the car wasn't sufficiently durable when it was supplied to Mr A. I disagree in this case. There are no doubts the car has experienced some faults during the time Mr A has been in possession of it. But I'm not persuaded, from what I've seen, that I can conclusively decide the car hasn't been sufficiently durable for Mr A. I'll explain why.

What I have to bear in mind is that just because I've seen there were faults with the car, this doesn't necessarily mean it wasn't of satisfactory quality when it was supplied to Mr A – which is what I need to decide. I'd need to see sufficient evidence the faults made the car of unsatisfactory quality when it was supplied to Mr A. The problem I have is that I've not seen enough evidence to determine that's the case. I take on board our investigator's opinion that parts of the car weren't sufficiently durable. But I've not seen any independent evidence that the issues with the car were present or developing at the point of sale.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, Northridge in this case, can prove otherwise.

However, Mr A brought the problems with the car that I'm deciding on to Northridge's attention in June 2024, over two years after he'd been supplied with it. As this was outside of six months since he'd been supplied with the car, it was for Mr A to show any faults had been present at the point of supply. And whilst he has provided the job cards from T that show the work that's been carried out on the car, as well as the car's service history – he hasn't provided anything to show those faults were present at the point of supply.

Mr A has said the first fault was identified shortly after he'd been supplied with the car. But I'm not going to include that repair in my consideration of his case. T have confirmed Mr A was an employee of theirs at the time he acquired the car, and he managed the sale himself. The job card for the repair in March 2022 is dated 21 February 2022, which is prior to Mr A entering into the agreement. As it seems he entered the agreement knowing the scheduled repairs would be taking place at a later date, I have to conclude he was happy with the quality of the car at that time, in the knowledge that some repairs would be taking place.

It was ten months later, and over 10,000 miles later that Mr A got in touch with T again to mention a further fault. I'm aware that Mr A got in touch with Northridge too in early 2023 about the quality of the car, and he was told to provide additional evidence to allow them to consider his concerns. He provided evidence of the car's service history and warranty repairs to Northridge in May 2023. I'm not considering this earlier complaint as it has never been brought to our service, but I'm mentioning it here to help with the background in this case.

According to the information provided by T and Mr A, he presented his car for a service in October 2023. This was 20 months after he'd been supplied with the car, and he'd covered approximately 20,000 miles in it by the time the service took place. The manufacturer's recommendations are for the car to be serviced every 12 months or every 16,000 miles, whichever occurs the soonest. It doesn't seem as though Mr A has adhered to this here.

The service history indicates that the car was serviced in line with the manufacturer's recommendations from the point it was first registered in 2018 until August 2021. Mr A was supplied with the car in February 2022, and the car should have been serviced in August 2022 and again in August 2023, when I consider the mileage Mr A had covered in the car. But Mr A didn't service the car for the first time whilst in his possession until October 2023.

Given the service history here I find it hard to safely conclude that it is more likely than not that the lack of compression in the cylinders happened prematurely which has then led to the total engine failure. Even if I accepted that the lack of compression in the cylinders happened prematurely it could have been caused by something other than an inherent fault which made it not durable.

As this was a used car there is no requirement for it to have a perfect service history, although it seems the car did have a perfect service history at the point it was supplied to Mr A. But Mr A hasn't serviced the car in line with the manufacturer's recommendations and has missed two service intervals prior to having the car serviced in October 2023. I have to be persuaded that the evidence demonstrates the car hasn't been sufficiently durable, but I can't make that conclusion here. I'm more persuaded than not that it seems more likely than not that a lack of maintenance at various stages in the car's life may have contributed to the wear and tear on the cylinders which led to the engine failure. However, I don't think I can safely infer that the car wasn't sufficiently durable. Considering all the factors here – the age,

price, mileage, and service history since Mr A acquired the car, I can't safely conclude it wasn't of satisfactory quality at the point of supply.

As mentioned previously, the car Mr A acquired was just over three years old and had covered approximately 33,500 miles when it was supplied to him. It's fair to say the car was far from new. This means that the standard a reasonable person might expect from it would be lower than for a car that had covered fewer miles. Acquiring a used car carries some inherent risks, not least of which is that sooner or later items, or components of the car, will need repair or replacement.

Mr A had the car for 11 months and the car had covered approximately 44,300 miles when the first fault was notified to T. As previously stated, I'm satisfied that a reasonable person would expect to have to repair or replace some components on a used car sooner than they would on a new one. In Mr A's case it seems the requirement for a replacement engine came sooner than he was expecting, but I'm not persuaded he's shown sufficient evidence to prove the car wasn't of satisfactory quality or wasn't sufficiently durable when it was supplied to him.

I know this decision is likely to come as a disappointment to Mr A, and he has a car that needs significant money spent on it to make it roadworthy. But I can only conclude the car isn't satisfactory if there is sufficient evidence, and in this case I'm not persuaded there is. I'm not planning to ask Northridge to do anything here.'

Mr A responded. He said he registered the sale to himself as he was leaving the dealership and was told it would benefit him. He also said he felt under pressure to acquire it as his new job didn't include a company car and he would be struggling for transport. He said he was reassured by T that the car would be fine once the initial repairs were completed.

Mr A also said that he didn't think Northridge were totally responsible, but he did feel their handling of his complaint had been poor. He explained that he hadn't missed any service intervals, and he had arranged them privately, away from T. He wanted me to consider either arranging for the car to be repaired at no cost to himself, or to allow him to end the agreement at no cost to him and return the car to Northridge.

Northridge also responded. They accepted the provisional 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.

Having done so, I see no reason to depart from the findings of my provisional decision. I'll explain why.

Mr A has explained his reasons for managing the sale of the car himself. It seems to have been to benefit himself as well as help T out. That's as maybe, but I'm satisfied he was aware of the repairs that were needed to the car at the time and was still minded to go through with acquiring it. I haven't seen anything that would suggest Mr A was forced to go ahead or was placed under undue pressure to continue with the purchase when he was aware of the repairs needed. He had the opportunity to walk away from the deal at any point.

In regard to the missing service history, Mr A has said that the car was serviced at the correct intervals. However, he hasn't been able to show any evidence of the missing services. As such, I have to make my decision based on the evidence I do have, and the provisional decision explains the service history of the car that has been made available to

me, and why I'm more satisfied than not that a lack of maintenance could have contributed to the faults Mr A had with the car.

Further, although we can't look into complaint handling in isolation, we can consider it as part of Northridge carrying on another regulated activity, which it has done here in relation to exercising lenders rights and duties under a regulated credit agreement. However, after considering whether its handling caused any detriment, I'm sorry to disappoint Mr A but I don't think it did. Mr A has said that Northridge's lack of response and delay in acknowledging his concerns meant he had to continue to meet his monthly repayments, and the delays prevented him from taking alternative action, such as trying to sell the car and settle the agreement. But I haven't seen he was ever prevented from doing that, even though there had been a lack of a response from Northridge. Mr A still had the opportunity to try and mitigate any future losses he might incur – and I don't think Northridge's lack of response or delays have led to Mr A being caused any detriment that he couldn't have potentially avoided.

I know Mr A would like me to ask Northridge to take care of the repairs to the car or to end the agreement and take the car back. But as I explained in my provisional decision, I can only ask Northridge to consider either option if I'm persuaded there is conclusive evidence that the faults with the car were present at the point of supply. And my provisional decision explains that I don't have conclusive evidence in this case. Mr A hasn't been able to supply anything else for me to consider, or to lead me to change my decision.

My decision is that Northridge don't need to do anything more here.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 August 2025.

Kevin Parmenter
Ombudsman