

Complaint

Miss B complains that N.I.I.B Group Limited (trading as “Northridge Finance”) unfairly entered into a hire-purchase agreement with her. She’s said the payments to her agreement were unaffordable.

Background

In March 2019, Northridge Finance provided Miss B with finance for a used car. The cash price of the vehicle was £10,972.00. Miss B paid a deposit of £300 (made up of a cash deposit of £100 and a part-exchange she received for her existing car of £200) and entered into a 48-month hire-purchase agreement with Northridge Finance for the remaining £10,672.00 she required in order to complete her purchase.

The loan had interest, fees and total charges of £1,419.65 (comprising of interest of £1,418.65 and an option to purchase fee of £1), and the balance to be repaid of £12,091.65 was due to be repaid in 48 monthly instalments of £173.95 followed by an optional final payment of £3,916.00 which Miss B needed to pay if she wished to keep the car. It appears as though Miss B settled the agreement early in August 2022.

Miss B’s complaint was considered by one of our investigators. She didn’t think that Northridge Finance had done anything wrong or treated Miss B unfairly. So she didn’t recommend that Miss B’s complaint should be upheld.

Miss B disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

My findings

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

We’ve explained how we handle complaints about irresponsible and unaffordable lending on our website. And I’ve used this approach to help me decide Miss B’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Miss B’s complaint. I’d like to explain why in a little more detail.

Northridge Finance needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Northridge Finance needed to carry out proportionate checks to be able to understand whether Miss B could make her payments in a sustainable manner before agreeing to lend to her. And if the checks Northridge Finance carried out weren’t sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

Northridge Finance agreed to this application after it asked Miss B to provide details of her monthly income and it decided to carry out credit searches on Miss B. The credit searches showed up that Miss B had some existing credit but this was for low amounts and being relatively well maintained. Northridge Finance says that the information it had at the time indicated that the monthly payments on this agreement were affordable for Miss B.

On the other hand, Miss B says that she couldn't have afforded this.

I've thought about what Miss B and Northridge Finance have said.

The first thing for me to say is that Northridge Finance didn't just simply accept what Miss B had told it. It carried out credit searches which showed that Miss B didn't have any significant adverse information recorded against her such as defaults or County Court Judgments ("CCJ"). Furthermore, Miss B's credit commitments weren't excessive in comparison to her income and there was no recent concerning information.

It's unclear what steps, if any, Northridge Finance took to crosscheck Miss B's declaration of income. But I've not seen anything to indicate that Miss B's declaration of her monthly income was accurate. Equally, I've not seen anything to indicate that Miss B's committed regular living expenses were higher than any estimates that Northridge Finance used in its assessment. So I'm not persuaded that Northridge Finance doing more here would have led it to conclude that Miss B didn't have sufficient funds to be able to make the repayments due under this agreement.

Finally, while I accept that this isn't in itself determinative, I do think that it is nonetheless worth noting that Miss B not only made her payments when they fell due for the period the agreement was active, she settled the finance early by paying what was the optional final payment. In these circumstances, I'm satisfied that Miss B's repayment record and actions do not support her argument that the monthly payments for this agreement were unaffordable for her.

So having carefully considered everything, it's arguable that the checks Northridge Finance carried out were reasonable and proportionate. In any event, I'm nonetheless satisfied that Northridge Finance doing more won't have shown it that Miss B wasn't in a position to be able to make the monthly payments to this agreement. Therefore, in my view, it is unlikely – and less likely than not – that Northridge Finance would have declined to lend even if it had found out more.

In reaching my conclusions, I've also considered whether the lending relationship between Northridge Finance and Miss B might have been unfair to Miss B under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Northridge Finance irresponsibly lent to Miss B or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, I'm satisfied that Northridge Finance didn't act unfairly towards Miss B when it agreed to lend to Miss B and I'm not upholding her

complaint. I appreciate that this will be very disappointing for Miss B. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

My final decision is that I'm not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 November 2025.

Jeshen Narayanan
Ombudsman