

The complaint

Mrs O complains about the quality of a car she has been financing through an agreement with N.I.I.B. Group Limited, trading as Northridge Finance (who I'll call Northridge).

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs O took receipt of a used car in August 2023. She financed the deal through a hire purchase agreement with Northridge. At the point of supply the car had completed 27,525 miles and was about three years old.

In November 2024 the car broke down and investigation revealed that a new engine was required. The mileage at that point was 46,649. The dealership and the manufacturer offered to fund some of the repair costs but when Mrs O complained to Northridge, they wouldn't fund the rest. They said there was insufficient proof that the car had been supplied in an unsatisfactory condition.

Mrs O referred her complaint to this service and our investigator thought the car hadn't proven sufficiently durable. He thought Northridge should refund any outstanding repair costs and provide a pro-rata refund of the finance instalments Mrs O paid while the car was off the road. He thought Northridge should pay Mrs O £150 in respect of the distress and inconvenience they had caused her.

Northridge asked for some time to consult with the dealership but as that time has now elapsed Mrs O's complaint has been referred to me, an ombudsman, to make a 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.

I agree with our investigator's view of this complaint and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs O acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Northridge, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is 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. It says that when we consider whether a car is of satisfactory quality we should consider if it has been durable.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Mrs O. The car here was three years old and had completed about 27,525 miles when it was supplied.

An old car with a high mileage will not be expected to be as good as a newer car with a low mileage, but it should still be fit for use on the road, in a condition that reflects its age and price.

I think a reasonable person would expect a properly serviced engine such as this to last a lot longer than 47,000 miles and a little over four years. I don't think there's any suggestion or demonstration of neglect on Mrs O's part and I therefore think this car hasn't been durable.

The relevant legislation allows a business one opportunity to repair a car in those circumstances. So, Northridge should pay for that repair or, in this case, refund the repair cost of £3,472 that Mrs O has incurred adding 8% simple interest as Mrs O will have been deprived of that money.

Mrs O wasn't able to use the car between 4 and 30 December 2024 so Northridge should provide a pro-rata refund of any finance instalments that were paid during that period to compensate Mrs O for the loss of use she experienced. I'm not asking them to refund the cost of hire cars that Mrs O incurred as she, in effect, won't have been paying for the car during that period once the refund is processed.

Mrs O has been inconvenienced by these issues. She's lost the use of the car, been left stranded on a cold and busy road when it broke down, and she's had to wait for Northridge to respond when I think this complaint could have been resolved quicker. In those circumstances Northridge should pay Mrs O £150 in compensation.

My final decision

For the reasons I've given above I uphold this complaint and tell N.I.I.B. Group Limited to:

- Provide a pro-rata refund of finance instalments for the period 4 to 30 December 2024 when Mrs O was unable to use the car. Add 8% simple interest* per year to the refund from the date of payment to the date of settlement.
- Refund the £3,472 Mrs O paid towards the repair and add 8% simple interest* per year from the date of payment to the date of settlement
- Pay Mrs O £150 to compensate her for the distress and inconvenience caused.
- Remove any adverse reports they may have made to Mrs O's credit file in relation to this issue.

*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 31 October 2025.

Phillip McMahon
Ombudsman