

The complaint

Mr M complains that a car that was supplied to him under a hire purchase agreement with N.I.I.B. Group Limited, trading as Northridge Finance, wasn't of satisfactory quality. He's being helped with his complaint by a representative.

What happened

A used car was supplied to Mr M under a hire purchase agreement with Northridge Finance that he signed in November 2023. The price of the car was £9,918, Mr M made an advance payment of £1,075 and he agreed to make 59 monthly payments of £209.54 and a final payment of £219.54 to Northridge Finance.

Mr M says that he complained to the dealer about a fault with the car later that month and that he was advised that the timing chain probably needed to be replaced but that it was unable to assist as he hadn't purchased a warranty. Mr M took the car to another garage in May 2024 because of an engine management warning light and it diagnosed crankshaft and timing chain issues. Mr M paid £1,650 for the timing chain to be replaced. The engine management warning light returned and the garage said that further diagnostics were required to identify the fault, but it potentially related to the electronic control unit or electrics and it advised him that the car wasn't safe to drive.

Mr M complained to Northridge Finance in May 2024 and he made a statutory off road notification about the car on 14 June 2024 and hasn't used it since. Northridge Finance agreed to pay for the car to be inspected by an independent expert but that didn't happen and Mr M complained to this service.

His complaint was looked at by one of this service's investigator who, having considered everything, didn't think that Northridge Finance had acted fairly. He thought that the car wasn't of satisfactory quality at the point of supply and he thought that it was fair for Mr M to be able to reject the car. He recommended that Northridge Finance should: end the agreement and collect the car; refund Mr M's deposit/part exchange contribution of £1,075, all rentals for the period from 14 June 2024 and additional expenses of £1,435, all with interest; pay £300 for any distress or inconvenience that's been caused; and remove any adverse information from Mr M's credit file in relation to the agreement.

Northridge Finance said that it was working with the dealer to agree a position and would respond in the next few days and hoped to get a resolution agreed before a decision was made by an ombudsman. The investigator's recommendation was made two months ago and Northridge Finance hasn't provided a substantive response, so I've been asked to issue a decision on this complaint.

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.

Northridge Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr M. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr M was first registered in June 2017 so was more than six years old, had been driven for more than 39,000 miles and had a price of £9,918. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

Northridge Finance accepts that Mr M contacted the dealer in November 2023 and raised concerns in relation to an engine management warning light but the dealer says that it attempted to call him but was unable to get through. Mr M says that he was advised that the timing chain probably needed to be replaced but that the dealer was unable to assist as he hadn't purchased a warranty.

Mr M continued to use the car but took the car to another garage in May 2024 because of an engine management warning light and issues with the crankshaft and timing chain were diagnosed. Mr M paid £60 for the diagnostic test. The garage replaced the timing chain later that month for which Mr M paid £1,650 (in his recommendation the investigator said that the repair cost was £1,375 but that was before VAT). Although the timing chain had been replaced, the engine management warning light came on again and the garage said that further diagnostics were required to identify the fault but it potentially related to the electronic control unit or electrics. Mr M was advised him that the car wasn't safe to drive. Mr M made a statutory off road notification about the car on 14 June 2024 and hasn't used it since.

Northridge Finance agreed to pay for the car to be inspected by an independent expert and it then agreed to arrange an inspection, but no inspection has taken place. In response to the investigator's recommendation it said that it was working with the dealer to agree a position and hoped to get a resolution agreed before a decision was made by an ombudsman. That hasn't happened and Northridge Finance hasn't provided a substantive response to the investigator's recommendation.

There doesn't seem to be any dispute that the car had an engine management warning light within a few days of it being supplied to Mr W and issues with the crankshaft and timing chain were identified within six months of the car being supplied to Mr M. There's been no inspection of the car by an independent expert and I consider it to be more likely than not that those faults caused the car not to have been of satisfactory quality when it was supplied to Mr M. The timing chain has been replaced but there continue to be issues with the car, Mr M has been advised not to drive the car until it's been repaired and he made a statutory off-road notification about the car in June 2024. I consider that it would be fair and reasonable in these circumstances for Northridge Finance to allow Mr M to reject the car and to take the actions described below.

Putting things right

I find that it would be fair and reasonable for Northridge Finance to end the hire purchase agreement and arrange for the car to be collected from Mr M – both at no cost to him. The hire purchase agreement shows that Mr M made an advance payment of £1,075 for the car. I find that it would also be fair and reasonable for Northridge Finance to refund that advance payment to Mr M, with interest.

Mr M was able to use the car until the statutory off road notification was made on 14 June 2024. I find that it would also be fair and reasonable for Northridge Finance to refund to Mr M the monthly payments that he's made under the hire purchase agreement for the period since 14 June 2024, with interest, but it can keep the monthly payments that he's made for the period before then as payment for the use that he's had from the car.

Mr M paid £60 for diagnostic testing and £1,650 for repairs to the car in May 2024. I find that it would be fair and reasonable for Northridge Finance to pay £1,710 to Mr M, with interest, to reimburse him for those costs. These events have clearly caused distress and inconvenience for Mr M. I find that it would also be fair and reasonable for Northridge Finance to pay him £300 to compensate him for that distress and inconvenience.

The investigator said that Northridge Finance should remove any adverse information from Mr M's credit file in relation to the agreement. I've seen no evidence to show that it has reported any adverse information about Mr M's payments under the hire purchase agreement to the credit reference agencies, but if it has reported any such information, I find that it should ensure that that information is removed from his credit file.

My final decision

My decision is that I uphold Mr M's complaint and I order N.I.I.B. Group Limited, trading as Northridge Finance, to:

1. End the hire purchase agreement and arrange for the car to be collected from Mr M – both at no cost to him.
2. Refund to Mr M any advance payment that he made for the car.
3. Refund to Mr M the monthly payments that he's made under the hire purchase agreement for the period since 14 June 2024.
4. Pay £1,710 to Mr M to reimburse him for the additional costs that he's incurred.
5. Pay interest on the amounts at 2, 3 and 4 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
6. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr M's credit file.
7. Pay £300 to Mr M to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Northridge Finance to deduct tax from the interest payment referred to above. Northridge Finance must give Mr M a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 September 2025.

Jarrold Hastings
Ombudsman