

The complaint

Mr S complains that N.I.I.B. Group Limited (“NGL”) supplied him with a car that wasn’t of satisfactory quality under a hire purchase agreement.

What happened

In April 2023, Mr S acquired a used car through a hire purchase agreement from NGL. The cash price of the car was £32,801. Mr S paid a cash deposit of £14,801 and the remaining balance was to be repaid through the hire purchase agreement. He was required to make 47 monthly repayments of £475.57, followed by a final payment of £485.57.

Soon after taking possession of the car Mr S reported issues with it to the supplying dealership. He said that there was extensive cosmetic damage to the car and that he had been informed by a garage he took it to that it had previously been in an accident. The garage said the accident repair was to a poor standard and quoted around £8,000 to fix the various areas of damage.

Mr S says the supplying dealership wasn’t prepared to repair the car or cover the cost of repairs, so he complained to NGL. Mr S also provided an independent inspection report dated November 2023, which also stated the car had previously been in an accident and the repairs that had been completed were to a poor standard. NGL didn’t uphold the complaint.

I sent Mr S and NGL my provisional decision on 15 August 2025. I explained why I was planning to uphold the complaint. I said:

Mr S acquired the car under a hire purchase agreement and our service is able to consider complaints relating to these sorts of regulated consumer credit agreements. The Consumer Rights Act 2015 (“CRA”) covers agreements like the one Mr S entered into. The CRA implies terms into the agreement that the goods that are supplied are of satisfactory quality. NGL is the “trader” for the purposes of the CRA and is responsible for dealing with a complaint about the quality of the car that was supplied.

NGL has already accepted that the car wasn’t of satisfactory quality when it was supplied. It has allowed Mr S to exercise his right under the CRA to reject the car. I don’t therefore need to make any substantive finding on the quality of the car as this is not in dispute. However, for completeness, I’m satisfied based on the available evidence that the car likely wasn’t of satisfactory quality and that allowing Mr S to reject the car is fair and reasonable in the circumstances.

What is in dispute is how Mr S should be further compensated for having been supplied with a car that wasn’t of satisfactory quality. I understand NGL has already collected the car from Mr S and it says it has refunded his cash deposit including the 8% simple interest recommended by the investigator. However, Mr S also wants a refund of all the monthly payments he has made under the hire purchase agreement, or at the least, all payments made since February 2024 as recommended by the investigator.

Having considered all the circumstances here, I don't think it would be fair, reasonable or proportionate to direct a full refund of any of the monthly payments Mr S has made, other than anything he may have paid after May 2025 (when the car was collected from him). This is because I've seen that Mr S continued to use the car throughout the time he had it in his possession and it is fair he pays for that use. However, I do consider that a refund of a small proportion of each monthly payment to be fair.

The issues he experienced with the car did not, as far as I have seen, impact his ability to drive it as they were all cosmetic. Further, I understand he covered around 18,000 miles in the two years he had the car, which demonstrates it was driveable. If I was to direct a full refund of the monthly payments this would place Mr S in a far better position than he would ever have been in. In other words, he would have had two years use of a car without having to pay anything for that use. If the supplying dealership or NGL had agreed rejection of the car earlier, Mr S would still have had to pay to stay mobile by other means. He would never have been in a position where he wasn't paying for use of a car. Indeed, he's stated throughout this complaint that he needed NGL to refund him so he could buy another car.

The car appears to have had a significant amount of cosmetic damage caused by poor repairs and Mr S has provided evidence which suggests that damage got worse over time while in his possession. The independent report he supplied also confirmed that deterioration was likely given the poor nature of the repairs. Mr S has been paying the full contractual monthly payments while he had the car, but he wasn't receiving the benefit of a car that was free from defects. I don't think it is fair or reasonable that Mr S should pay the full contractual amount for the car, when NGL supplied him with something that wasn't of satisfactory quality. However, I'm mindful that the defects did not make the car undriveable. Therefore, I consider a refund of 10% of each monthly payment to be fair and reasonable in these specific circumstances.

I don't underestimate the level of disappointment, frustration and inconvenience Mr S has experienced throughout his complaint with NGL. They have taken exceptionally long to resolve this issue both before and during this service's involvement. Its delays have caused this dispute to drag on for over a year longer than was necessary. Further, it did unfairly create an expectation for Mr S for a period of around 8 months that the refund he would be receiving for this complaint would be significantly more than what it has now ultimately agreed to do. I do therefore think that it would be fair and reasonable for it to pay Mr S to compensate for the distress and inconvenience its actions have caused.

NGL have offered to pay Mr S a total of £1,300 in compensation, I understand it has already paid him £300 of this total. Having carefully considered all the circumstances here, I think that is a fair way to put things right.

While NGL's delays were unacceptably long, and this meant Mr S was forced to stay in this particular car for longer than was necessary, I have to balance this against the fact that Mr S was still able to drive the car throughout. He was therefore kept mobile and if he hadn't been in this car, he would always have had to pay for alternative transport.

I agree it is disappointing that NGL seemingly changed its mind about what redress it would pay to Mr S and that he didn't discover this until after the car had been recovered by NGL and his deposit refunded. However, his cash deposit refund was significant and would have enabled him to obtain another car.

There will inevitably have been disappointment and frustration on learning that NGL had altered what Mr S thought had been agreed. I also agree this was exceptionally poor from NGL and was exacerbated by the extraordinary delays in agreeing and implementing the recommended redress. But just because NGL agreed to something in error which, had it made the payments Mr S wanted, would have resulted in Mr S being in a position of betterment (i.e. being placed in a substantially better position than he ought otherwise have ever been in), it doesn't mean that it would be fair for me to direct it to now pay that money to him. However, when considering fair compensation, I've also had this loss of expectation in mind.

Taking everything into consideration, I think the total compensation of £1,300 is broadly what I would have considered fair had NGL not made any offer. I think it should therefore pay this to Mr S to put things right, alongside refunding 10% of each monthly repayment he made. And (if it hasn't already) refunding his deposit, any monthly payments made after May 2025 (plus 8% simple interest) and ending the hire purchase agreement.

NGL didn't respond to my provisional decision. Mr S didn't agree with it. In summary, he said that he was not prepared to accept anything less than a refund of all payments since February 2024. This is because it was NGL's fault the car was not collected then, he was forced to use the car as he had no alternative transport. He said he felt unsafe in the car the whole time he was driving it. He didn't think my recommended refund went far enough to compensate him for his losses and NGL's actions.

Mr S later accepted that he would have had to incur some alternative transport costs if NGL had collected the car from him sooner but said that any deduction for this should be limited to £3 per day as this is what it would have cost him to travel by bus.

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've reached the same outcome I reached in my provisional decision, and for the same reasons. However, I'll explain why Mr S' further comments haven't changed my view on what I think a fair and reasonable outcome ought to be.

I agree with Mr S that NGL took an unacceptable length of time to collect the car after it agreed it wasn't of satisfactory quality and could be rejected. I also accept this meant Mr S was unable to acquire another car until he received a refund from NGL. However, as Mr S did continue to use the car, I think it's fair or reasonable that he should pay for that use. As I set out in my provisional decision (and as Mr S now accepts) he would always have needed to pay for some kind of transport.

Mr S says he is prepared to accept that it would have cost him around £3 per day for alternative travel and this should be the maximum NGL can retain of the payments he made. I've considered Mr S' comments about this carefully, but I don't agree that would be reasonable. Mr S didn't use the bus, he used the car. So, it is fair he pays for that use. Mr S says he was forced into using the car by NGL's actions as he had no other choice, but if this is true, then the bus would never have been a viable option anyway, so making a deduction for something he didn't use and seemingly didn't intend to use wouldn't be fair.

I've noted that Mr S says he felt unsafe in the car while he was using it. While I have no reason to disbelieve that, from everything I've seen the damage to the car appeared to be purely cosmetic. I've not seen anything to demonstrate the car wasn't roadworthy or was

unsafe to drive. And, Mr S covered not insignificant mileage in it during the time it was in his possession.

However, although Mr S was using the car, I don't think requiring him to repay the full contractual monthly repayments for those months would be fair. As I explained in my provisional decision, this is because it has been accepted the car wasn't of satisfactory quality due to the cosmetic damage. As it didn't make the car unroadworthy or unsafe, I think a deduction of 10% of every monthly repayment is fair.

As I've already set out, I do agree with Mr S that NGL dealt with things very poorly. Their delays were unacceptably long and this caused Mr S a great deal of upset, frustration and inconvenience. However, I do have to also weigh up that Mr S was still able to have access to a car and use it extensively (as evidenced by the mileage he covered). Taking everything into consideration I think the additional compensation of £1,300 is a fair way to put things right, alongside the refund of his deposit, 10% of each monthly payment and simple interest on those refunds.

My final decision

For the reasons given above, I uphold this complaint and direct N.I.I.B. Group Limited to:

- Pay Mr S £1,300 (if it hasn't already) for the distress and inconvenience caused to him.
- Refund 10% of each monthly repayment Mr S made, adding 8% simple interest per year from the date of each payment to the date of settlement.
- If it hasn't already, it should also refund Mr S' cash deposit for the hire purchase agreement, adding 8% simple interest per year from the date of payment to the date of settlement.
- If it hasn't already, it should also end the hire purchase agreement ensuring Mr S is not liable for monthly payments after the point of collection in May 2025. It should refund him any overpayments that may have been made, adding 8% simple interest on any overpayments from the date of each overpayment to the date of settlement.

If NGL considers tax should be deducted from the interest element of my award it should provide Mr S with a certificate showing how much it has taken off, so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 October 2025.

Tero Hiltunen
Ombudsman