

## The complaint

Mr F has complained that N.I.I.B. Group Limited trading as Northridge Finance (Northridge) unfairly provided him with credit for a car.

## What happened

In September 2019, Mr F entered into a finance agreement with Northridge for the purchase of a car as shown below.

Date	Amount of credit	Term	Monthly payment	Total repayable
10 September 2019	£33,995.00	49 months	£527.19	£41,862.62

In December 2024, Mr F complained to Northridge with the help of a professional representative. In the complaint, Mr F said he didn't think Northridge had lent responsibly to him. He felt it had failed to undertake a reasonable assessment of his creditworthiness at the time of the lending. He's said had Northridge completed the appropriate checks it would have found the lending was unaffordable for him.

Northridge looked into Mr F's complaint and issued a final response letter explaining it believed it had acted fairly in providing the credit. Northridge provided a summary of the checks it had conducted and felt the agreement was affordable for Mr F. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about him, and asking him what his income was.

Mr F didn't accept Northridge's response, so he referred his complaint to our service with the help of his representative. One of our investigators looked into it, and based on the evidence available, our investigator said she didn't think Northridge decision to lend was fair as the lending didn't leave Mr F with enough disposable income.

Northridge didn't accept what our investigator said and asked for a final decision on the case. As no agreement could be reached, the complaint has been passed to me for 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.

Having done that I issued a provisional decision saying:

*"I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:*

- Did Northridge carry out reasonable and proportionate checks to satisfy itself that Mr F was able to sustainably repay the credit?*

- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Northridge make a fair lending decision?*
- *Did Northridge act unfairly or unreasonably towards Mr F in some other way?*

*Northridge had to carry out reasonable and proportionate checks to satisfy itself that Mr F would be able to repay the credit sustainably. Northridge needed to assess the likelihood of Mr F being able to repay the credit, as well as considering the impact of the repayments on him.*

*There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the cost of the credit.*

*Northridge has explained that it carried out a credit search to get an understanding of Mr F's situation before it decided to lend to him. It's provided a copy of the credit search it undertook, and this shows that Mr F was up to date with all other accounts and didn't appear to be over indebted or struggling to manage his finances.*

*Northridge has shown Mr F told it his annual income was £52,000. But I can't see that Northridge verified this or gathered any information about Mr F's expenditure. So, although Mr F was managing his active credit well, given the lack of information about Mr F's income and expenditure, I can't be satisfied that Northridge carried out checks that were proportionate to the type and level of lending. It follows then that I think it would have been reasonable for Northridge to get a better understanding of Mr F's financial situation and disposable income before lending to him.*

*Northridge has argued that Mr F told them what his job was, and it regarded this as highly specialised and with a high demand for the skills required to do the job. It also said Mr F told it he earned £52,000 a year, so it felt this was enough information to lend to Mr F, but I don't agree.*

*CONC 5.2A.16 (3) sets out that for the purpose of considering a customer's income it's not generally sufficient to rely solely on a statement of income made by the customer without independent evidence.*

*CONC 5.2A.17 (2) says that a business must take reasonable steps to determine the amount, or make a reasonable estimate, of a customer's current non-discretionary expenditure.*

*So, I think it would have been reasonable for Northridge to verify Mr F's income and assess his non-discretionary expenditure.*

*There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that Northridge needed to see Mr F's statements in order to complete its own income and expenditure assessment. Rather I think it needed to verify Mr F's income and ask him for more information about his regular expenditure. That said Mr F has been able to provide this service with copy bank statements from the time of the lending. In the absence of any other evidence, I think it's reasonable to rely on these to establish what Northridge would likely have found had it asked Mr F more questions about his finances.*

*I've reviewed Mr F's statements, and I can see that had Northridge looked more closely at Mr F's financial situation it would likely have established he would be left without sufficient disposable income to maintain the agreement. I say this because although by the time of the lending Mr F had a healthy balance in his account, this was as a result of a house move and in any event the sum available wasn't sufficient to ensure repayment of the agreement and*

*was ultimately used to repay some other debts. So, I don't think it would have been reasonable to rely on this in assessing affordability. Further to this in the last two of the three months I've reviewed, I can see Mr F had a disposable income that either wasn't sufficient to cover his regular committed expenditure or was so low that it wouldn't have covered the repayments to this agreement.*

*So had Northridge carried out proportionate checks, I think it would have realised Mr F was unlikely to be able to sustainably repay what he was being lent. This means I don't think Northridge made a fair decision to lend to Mr F.*

### **Putting things right**

*As I don't think Northridge ought to have approved the lending, I don't think it's fair for it to be able to benefit from any interest or charges under the agreement. Mr F should therefore only have to pay the original cash price of the car, being £34,995.00. Anything Mr F has paid in excess of that amount should be refunded as an overpayment.*

*To settle Mr F's complaint Northridge should:*

- *Refund any payments Mr F has made in excess of £34,995.00, representing the original cash price of the car. It should add 8% simple interest per year\* from the date of each overpayment to the date of settlement.*
- *Remove any adverse information recorded on Mr F's credit file regarding the agreement.*

*\*If Northridge considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr F how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

*Subject to any new evidence from either party I intend to uphold this complaint and direct N.I.I.B. Group Limited trading as Northridge Finance to put things right for Mr F as I've set out above."*

Mr F's representative responded to say that he accepted my provisional decision, but Northridge didn't reply. So, in the absence of any further evidence or comments, I see no reason to depart from my provisional decision.

### **My final decision**

My final decision is I uphold this complaint and direct N.I.I.B. Group Limited trading as Northridge Finance to:

- Refund any payments Mr F has made in excess of £34,995.00, representing the original cash price of the car. It should add 8% simple interest per year\* from the date of each overpayment to the date of settlement.
- Remove any adverse information recorded on Mr F's credit file regarding the agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 November 2025.

Charlotte Roberts  
**Ombudsman**