

The complaint

Mr I complains that the car he acquired through N.I.I.B. Group Limited, trading as Northridge Finance ("Northridge") wasn't of satisfactory quality.

What happened

Mr I entered into a hire purchase agreement in September 2024 to acquire a used car. The cash price of the car was £18,990 and taking into account the advanced payment, the amount of credit provided was £16,990. The total repayable was £23,720.40 and was to be repaid through the credit agreement which was set up over a 60-month term with monthly payments of £361.84. At the time of acquisition, the car had already been driven more than 89,000 miles and was more than five years old.

Mr I told us:

- The car suffered a number of major faults very quickly – mechanical and electrical issues including; a faulty speedometer; a faulty cornering light; gearbox jerking at low speeds; a water switchover system fault; a timing chain failure; and a mileage discrepancy;
- he's not been able to drive the car since February 2025, and he's continued paying his monthly rentals despite having no use of the car;
- he's had the car inspected and it needs an engine rebuild because of a fault with the cylinders and the fact that the timing chain has failed, and this has been costed at around £8,500 including parts and labour;
- he's put a proposal to Northridge to settle this complaint fairly – it should transfer ownership of the car to him, and he'll take responsibility for all repairs. The finance agreement should be cancelled, with his total payments to settle the agreement being £5,000.

Northridge accepted the car it had supplied was not of satisfactory quality, and it apologised for the time taken to investigate Mr I's complaint – it said it had been trying to reach a resolution with the supplying dealership. It said the supplying dealership had made attempts to arrange collection of the car so that it could be inspected, and it said Mr I's loss of faith in the supplying dealership was not grounds for denying the dealership the right to inspect the car and consider repairs. And it said that it could not accept Mr I's estimate for repairs.

Northridge made two offers to Mr I; it said that it was willing to contribute £2,500 towards repairs so that Mr I could engage a mechanic of his choosing; or it could collect the car and carry out repairs using an appointed mechanic, once confirmation of the issues was received.

Mr I told this Service that he did not want the supplying dealership to carry out repairs as he had no confidence in its ability or willingness to perform proper repairs using the correct parts. And he did not want a temporary fix that might result in future problems.

Our investigator looked at this complaint and said she thought it should be upheld, and she explained the relevance of the Consumer Rights Act 2015 ("CRA") in the circumstances of

this complaint. She acknowledged that there appeared to be a number of faults and issues with the car and said there didn't seem to be any dispute about the satisfactory quality of the car at the point of supply.

Our Investigator noted that the timing chain failed on the car at 90,187 miles – so Mr I had only driven around 1,000 miles and had the car in his possession for less than six months. And she noted that a timing chain is not considered a serviceable item. So, considering it failed so soon after the car was supplied, she concluded that the car wasn't reasonably durable when it was supplied to Mr I.

Our Investigator explained to Mr I that for the duration of the credit agreement, the car was an asset of Northridge, so she couldn't recommend that Northridge give him its asset, but in view of how long he'd waited and the things that were wrong with the car, she thought it was fair for Mr I to be able to reject the car and the finance agreement should be unwound.

Our Investigator also asked Northridge to refund Mr I some of his monthly rentals to cover the period when the car had not been driveable, and to pay him some compensation in recognition of the distress it had caused. But she explained to Mr I that she wouldn't ask Northridge to reimburse him for his taxi and car rental costs because that would place him in the position of free motoring – she'd already recommended the refund of his monthly rentals.

Northridge accepted the Investigator's recommendations in full. Mr I did not, so the complaint comes to me to decide. And he set out some of the other costs he'd incurred and provided invoices to support his position and restated his preferred way of resolving this complaint.

My initial conclusions are set out in my provisional decision. In it I said I thought that Mr I's complaint should be upheld, and I explained my reasoning as follows:

“When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Mr I is a regulated consumer credit agreement this Service is able to consider complaints relating to it. Northridge is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 (“CRA”) there is an implied term that when goods are supplied “the quality of the goods is satisfactory”. The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. So, what I need to consider in this case is whether the car supplied to Mr I was of satisfactory quality or not.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Northridge can show otherwise. But, if the fault is identified after the first six months, then it's for Mr I to show the fault was present when he first acquired the car. So, if I thought the car was faulty when Mr I took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Northridge to put this right.

I don't think there's any dispute that Mr I has experienced significant problems with the car. That has been well evidenced by both his testimony and the information he's sent us, along with the findings of the garage that he first consulted. And I understand that Northridge and the supplying dealership accepted liability – they offered to repair the car, provide a contribution towards repairs, or accept its full rejection. Because parties appear to accept that the car was not of satisfactory quality when supplied, I don't need to make any findings about this.

Mr I says he wants the credit agreement cancelling but that he'd like to keep the car. But I have to tell Mr I that this isn't how these things work. When the car supplied is not of satisfactory quality, the resolution is that the supplying dealership is afforded an opportunity to repair the faults. And it gets one opportunity to repair all faults, not one opportunity to repair each fault.

In the event that the repairs fail, or further faults are identified, we then look to place the consumer in the position they would've been in if they hadn't been sold the faulty car. What this means in practice is the unwinding of the finance agreement, the return of monthly payments and any deposit as well as the return of the car to the supplying dealership – so that to all intents and purposes, it's as if the contract was never entered into.

In this particular case, I agree with our Investigator that it would be inappropriate for the car to be repaired by the supplying dealership. The faults appear to be significant, the time elapsed since Mr I first reported issues with the car is also significant and, understandably, Mr I had no faith in the supplying dealership to complete safe and appropriate repairs. Taking all this into account, I'm satisfied that the right way to settle this complaint now is to allow Mr I to reject the car. And I'm pleased to see that Northridge accepts this position.

I'm also going to require it to reimburse Mr I's reasonable costs – the costs he incurred in trying to resolve the issues with the car – and Northridge will pay Mr I statutory interest at a rate that a court would award on judgement debts. This is designed to reflect the cost to a consumer of their being deprived of their own money; they may have had to go without things because they didn't have that money.

Finally, I'll be awarding an amount of compensation in recognition of the distress, inconvenience, worry and anxiety that Northridge caused Mr I.

But I won't be asking Northridge to refund Mr I his taxi and car rental costs – this is because he cannot receive refunds of both his monthly rentals for the car that Northridge supplied and the travel costs he spent on keeping himself mobile. As our Investigator explained, this would result in betterment – if he received both types of cost then he'd be in a better position than he should be."

I asked each party to let me have any further comments that they'd like me to consider and that I'd not already seen. And I said I required any additional comments and submissions by 20 November 2025.

Mr I said he accepted the provisional decision. But he advised this Service that he was now out of the country for two months, so Northridge would not be able to collect the car until his return.

Northridge did not respond to the provisional 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.

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Having done so, and in the absence of any additional evidence or testimony from either party, I see no reason to change my decision, and I uphold this complaint.

Now, Mr I has explained that he's abroad for two months, and that it won't be possible for the car to be collected until he returns. I know this will be frustrating for Northridge, but I have to point out that this situation would not have arisen had the complaint been settled far sooner.

I'm going to ask that when Mr I notifies this Service that he accepts or rejects my final decision, that he *also* provides confirmation of the date of his return to the UK, so that Northridge can schedule collection of the car.

Putting things right

I'm directing N.I.I.B. Group Limited trading as Northridge Finance to settle this complaint by:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mr I's credit file in relation to the credit agreement;
- collecting the car at no further cost to Mr I;
- refunding the Mr I's part exchange contribution of £2,000;
- refunding Mr I's monthly rentals for the period from 15 February 2025 to the date of settlement as he reasonably stopped using the car at this point;
- refunding Mr I for the costs of recovering the car in February 2025. I've seen invoices for £195 and £185, and these can be shared with Northridge if required;
- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- paying a further amount of £300 for the distress and inconvenience that's been caused due to the faulty goods.

*HM Revenue & Customs requires N.I.I.B. Group Limited trading as Northridge Finance to take off tax from this interest. N.I.I.B. Group Limited trading as Northridge Finance must give Mr I a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and direct N.I.I.B. Group Limited, trading as Northridge Finance to settle this complaint fairly as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 20 December 2025.

Andrew Macnamara
Ombudsman