

The complaint

Ms C complains that a car that was supplied to her under a hire purchase agreement with N.I.I.B. Group Limited, trading as Northridge Finance, wasn't of satisfactory quality.

What happened

I issued a provisional decision on this complaint last month in which I described what had happened as follows:

"A used car was supplied to Ms C under a hire purchase agreement with Northridge Finance that she electronically signed in February 2025. The price of the car was £23,995, Ms C made an advance payment of £9,000 and she agreed to make 47 monthly payments of £369.88 and a final payment of £379.88 to Northridge Finance. Ms C complained to Northridge Finance about issues with the car in January 2025 and she said that she was rejecting the car. It said that, without evidence which demonstrates that the car was of unsatisfactory quality from the point of sale and given the time passed and miles covered, it couldn't support a rejection of the car. It said that if Ms C provided a report which supported her concerns, it would refund the cost of an inspection.

Ms C wasn't satisfied with its response so complained to this service and the car was inspected by an independent expert in March 2025. Ms C's complaint was looked at by one of this service's investigators who, having considered everything, recommended that it should be upheld. He said that Northridge Finance had accepted that the coolant issues were likely to have been present and developing at the point of sale but said that, because the issues weren't addressed and Ms C continued to use the car, the problem had been exacerbated, potentially resulting in further damage to the head gasket. He said that Northridge Finance wasn't fully liable for the current condition of the car but he recommended that it should: contribute 50% towards getting the car into a satisfactory condition; refund Ms C the cost for the May 2024 diagnosis report; pay £150 for any distress or inconvenience that's been caused; and remove any adverse information from Ms C's credit file in relation to the agreement.

Ms C didn't accept the investigator's recommendation and asked for her complaint to be considered by an ombudsman. She says, in summary and amongst other things, that the car wasn't of satisfactory quality when it was supplied to her, she didn't unreasonably exacerbate the faults, and Northridge Finance failed to exercise its right to repair. She described the significant impact that this has had on her and says that her complaint should be upheld in full with the hire purchase agreement being fully terminated, Northridge Finance accepting the return of the car, a refund of all payments made under the agreement, minus fair usage, and Northridge Finance covering the full repair costs if the agreement isn't terminated and increased compensation for distress and inconvenience. Northridge Finance said that, as a gesture of goodwill, the dealer would be willing to look at addressing the issues to bring the car up to satisfactory quality. Ms C rejected that offer and said that she's paid for repairs to the car so that it could pass an MOT test".

Provisional decision

I set out my provisional findings in that provisional decision. I said:

“Northridge Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Ms C. 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 Ms C was first registered in September 2016 so was more than seven years old, it had been driven for 72,248 miles and the price of the car was £23,995. 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.

The car had passed an MOT test, with no advisories, in August 2023 and its mileage was recorded at that time as 67,783 miles. The car was supplied to Ms C in March 2024 and she says that there was an immediate issue with it juddering at low speeds. She says that there were issues with coolant loss and she paid £78 for diagnostic testing of the car in May 2024 which identified a random bleeping and braking, that the ADAS required calibration faults and that an AC sensor on the high pressure side had no communication which needed investigating.

Ms C contacted the dealer in December 2024 about the coolant issues and said that the issue had worsened so she'd had the car inspected by a garage and a fault with the cooling system was diagnosed. She says that the garage quoted £700 for the repair work, but she's not provided a copy of the quote, or any other evidence to show that the garage quoted £700 for the repair work. Ms C has provided a copy of the garage's invoice for £97.20 for its diagnostic work. The invoice says: “Low output from the alternator, needs replacing. Investigate coolant leak. Oil Cooler Gasket replacement”.

Ms C says that the car has exhibited a persistent noise when turning the steering wheel to full lock since it was supplied to her which suggests an unresolved fault with the transfer case. Ms C complained to Northridge Finance about those issues in January 2025 but I've seen no evidence to show that she'd contacted the dealer about any issues with the car before December 2024.

Ms C paid £375 for the car to be inspected by an independent expert in March 2025. The inspection report records the car's mileage as 80,256 miles and identified some faults with the car. It recommended the following actions: replacement of the auxiliary drive belt; replacement of the water pump to address coolant leakage concerns; running the car to operating temperature to determine if further cooling system issues persist; diagnostics on the alternator and electrical system once the car is operational; and reassessment of steering and transfer case noise. The report says:

“There is clear evidence of a long-term cooling system issue. The water pump shows visible leakage and staining, consistent with coolant seepage over time. While the engineer cannot confirm whether the water pump leakage was present at the point of sale, the evidence of continued coolant loss since March 2024 suggests the issue developed purchase. The vehicles MOT history from September 2024 does not indicate any advisories regarding coolant leakage. Signs of over-pressurisation suggest potential head gasket damage, likely a result of unresolved cooling system faults”; and: “The background information confirms ongoing cooling system issues. The vehicle has previously been returned to the selling agent for these concerns, but they

have not been resolved. Any previous repairs undertaken but not successfully addressing the problem would be considered failed repairs, placing the responsibility for rectification with the selling agent. Given the signs of over-pressurisation, any potential head gasket damage can be attributed to the ongoing cooling system faults that were not effectively resolved by the selling agent”.

When it was provided with the report, Northridge Finance accepted that the coolant issues were likely to have been present and developing at the point of sale but it said that, because the issues weren't addressed and Ms C continued to use the car, the problem has been exacerbated, potentially resulting in further damage to the head gasket. The car passed an MOT test in September 2024, with no advisories, when its mileage was recorded as 77,063 miles. Ms C says that there have been coolant issues since the car was supplied to her, but I've seen no evidence to show that coolant issues were verified until December 2024. By the time of the March 2025 inspection, Ms C had had the car for more than a year and, in that time, it had been driven for over 8,000 miles without any repairs to the coolant issues taking place.

The December 2024 diagnosis identified issues with the car's alternator and cooling system and Ms C says that she paid for the car to be repaired in July 2025 so that it could pass an MOT test. I can see that the car passed an MOT test, with no advisories, in September 2025 when its mileage was recorded as 83,667 miles. Since the investigator's recommendation, Ms C has provided a copy of the repair invoice which shows that the alternator, battery, transfer case, water pump and oil cooler gasket were replaced by the garage in July 2025, at a total cost of £2,974.80. The invoice shows that the car's mileage at that time was 80,250 miles.

As the car has been repaired, I find that it wouldn't be fair or reasonable for me to require Northridge Finance to allow Ms C to now reject the car. I'm not persuaded that there's enough evidence to show that all of the issues that were repaired were present or developing when the car was supplied to Ms C, so I consider that it wouldn't be fair or reasonable for me to require Northridge Finance to reimburse Ms C for all of those repair costs. Northridge Finance accepts that the coolant issues were likely to have been present and developing at the point of sale and I find that it would be fair and reasonable for it to reimburse Ms C for 50% of the July 2025 repair costs, so it should pay her £1,487.40, with interest.

Northridge Finance said in its final response letter that if Ms C provided a report which supported her concerns it would refund the cost of an inspection. Ms C paid £375 for the inspection and it supported her concerns about coolant issues with the car, so I find that it would be fair and reasonable for it to pay £375 to Ms C to reimburse her for the cost of the report. The investigator recommended that Northridge Finance should refund to Ms C the £78 cost of the May 2024 diagnosis report. Ms C also paid £97.20 for the diagnostic report in December 2024. I find that it would be fair and reasonable for Northridge Finance to also reimburse Ms C for those costs, and to pay interest on all of the amounts to be reimbursed.

The investigator recommended that Northridge Finance should also pay £150 to Ms C to compensate her for the distress and inconvenience that she's been caused. Ms C says that she's suffered financial, emotional and practical consequences from being supplied with a faulty car and that the compensation for distress and inconvenience should be increased. These events will have caused distress and inconvenience for Ms C, but I consider the £150 compensation recommended by the investigator to be fair and reasonable compensation for the distress and inconvenience she's been caused. I'm not persuaded that a higher award of

compensation for that distress and inconvenience is justified in these circumstances.

The investigator said that Northridge Finance should remove any adverse information from Ms C's credit file in relation to the agreement. I've seen no evidence to show that Northridge Finance has reported any adverse information about the hire purchase agreement to the credit reference agencies but, if it has done so, I agree that it should ensure that the information is removed from Ms C's credit file".

Subject to any further comments or evidence that I received from Ms C and Northridge Finance, my provisional decision was that I intended to uphold this complaint. Ms C has accepted my provisional decision but Northridge Finance hasn't responded to it.

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.

As Ms C has accepted my provisional decision and Northridge Finance hasn't responded to it, I see no reason to change the findings that I set out in my provisional decision.

Putting things right

I find that it would be fair and reasonable in these circumstances for Northridge Finance to take the actions described in my provisional decision and as also set out below.

My final decision

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

1. Pay £1,487.40 to Ms C to reimburse her for 50% of the July 2025 repair costs.
2. Pay £78, £97.20 and £375 to Ms C to reimburse her for the costs of the May 2024 and December 2024 diagnostic reports and the March 2025 inspection.
3. Pay interest on each of the amounts at 1 and 2 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
4. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Ms C's credit file.
5. Pay £150 to Ms C to compensate her for the distress and inconvenience that she's been caused.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 5 January 2026.

Jarrold Hastings
Ombudsman