

The complaint

Mr D complains about a car he acquired through a finance agreement with N.I.I.B. Group Limited trading as Northridge Finance ('Northridge Finance') was of unsatisfactory quality.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimal formality.

Northridge Finance supplied Mr D with a car on hire purchase in December 2024. The car was around six years old, had completed about 32,400 miles and the cash price was £26,990.

Days after acquiring the car it experienced a major oil leak and Mr D was unable to use the car. He promptly contacted the supplying dealership, whilst it didn't offer repair it advised Mr D to take out a warranty so he could have the repairs carried out by a garage closer to him. This was arranged by the dealership and paid for by Mr D. The car was seen by a local garage who advised the engine needed to be stripped down in order to find where the oil leak was coming from. Mr D went ahead with the repair and paid around £1,000.

Mr D tried to make a claim on his warranty but was told this was declined. Four weeks later the car broke down again and Mr D was told the engine would need replacing. Mr D complained to Northridge Finance and asked to reject the car. Northridge Finance didn't uphold the complaint. In short it said the dealership confirmed Mr D had gone ahead with unauthorised repairs, it had contacted Mr D for further information but didn't hear back. Because of this it didn't uphold the complaint.

Our Investigator looked into matters but in his view Mr D had been supplied with a car that was of unsatisfactory quality. In summary he said the vehicle became undriveable very soon after Mr D acquired it. The catastrophic engine failure then occurred only months after and given the mileage covered since inception, he didn't think the car was reasonably durable.

Mr D agreed but Northridge Finance didn't. It maintained that Mr D didn't allow the supplying dealership to inspect the vehicle prior to repairs being carried out. It said Mr D's decision to bypass the agreed process prevented a fair resolution.

I sent Northridge Finance and Mr D the provisional decision on 26 February 2026. My findings from this decision were as follows:

Where evidence is unclear or in dispute I reach my findings on the balance of probabilities – which is to say what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law and, where appropriate what would be considered to have been good industry practice at the relevant time.

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

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr D entered. Because Northridge Finance supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

The CRA also says the quality of goods includes the general state and condition, and other things such as its fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr D's case the car was used and covered approximately 32,400 miles and was about six years old when he acquired it. So, I'd have different expectations of it compared to a brand-new car.

Having said that the car was priced at £26,990 which isn't insignificant. It also wasn't a particularly old vehicle and had covered relatively low mileage. So, I think a reasonable person would expect it could offer a considerable duration without any major issues.

The CRA implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Northridge Finance can show otherwise. But, where the fault is identified after the first six months, the CRA implies that it's for Mr D to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr D took possession of it, and this made the car not of satisfactory quality, it'd be fair and reasonable to ask Northridge Finance to put this right.

From the information provided I'm satisfied there was a fault with the car – I say this because I have seen several invoices confirming faults/repairs which are also consistent with Mr D's testimony.

In January 2025 Mr D has provided a receipt confirming he paid £89 towards towing costs to his local garage, this implies the car was undriveable. But even if Mr D could've made a short journey to his local garage, I understand why he wouldn't risk further damage to the vehicle given that it was experiencing an oil leak. He's also provided an invoice showing a payment made of £311.99 which he says was to cover a replacement battery.

The invoice dated 27 January 2025 confirms the oil leak was investigated and repairs were carried out, the details on the invoice are consistent with an engine strip. The total cost of repairs was £1051.64 and the mileage at this point was recorded as 32,962 so I'm satisfied Mr D had only covered around 500 miles since acquiring the car.

Mr D says the car was fine until a few months later when it experienced further faults. The car was inspected on 9 April 2025. The description outlined: 'Car was recovered to our car park on the evening 31/3/2025. Tried to start car would only turn over very slow even with a good size boost pack on car. Oil level in engine was between max and minimum mark on dip stick. Removed oil filter and housing where we found traces oil metal shavings in oil filter housing which would indicate a major fault within the engine block of car. The customer had 'critical oil low message' on car and the engine stopped we suspect that the engine oil

pressure has failed and caused serious damage to engine and probably the turbo unit as well'.

Subsequently repairs were carried out, and the engine was replaced in September 2025.

The mileage recorded at this point was 34,047, so I'm satisfied Mr D had only covered around 1,600 since he acquired the car.

I understand repairs were undertaken in January 2025. Northridge Finance has said these repairs were unauthorised and likely to have caused the subsequent engine failure. The evidence suggests that Mr D got in touch with the supplying dealership for help and a warranty was put in place. I also think it's plausible that both parties have said Mr D didn't take the car to the supplying dealership for inspection because he lived hours away, so I don't think it's unreasonable that Mr D took the vehicle to a garage much closer to home. I can't say for certain what Mr D was or wasn't told about the process to make a possible claim under the warranty, but I understand why he would've wanted the car repaired, given that he was without the use of a vehicle for several months.

Having considered all the evidence available and what the CRA sets out about durability, I think a reasonable person would not expect a car to suffer a catastrophic engine failure at such low mileage. For this reason, I'm persuaded the engine (and therefore the car) was not sufficiently durable. Because of this, the car was not of satisfactory quality when it was supplied to Mr D.

Putting things right

Having determined the car wasn't of satisfactory quality when it was supplied to Mr D I've next considered what Northridge Finance should do to put things right.

I understand Mr D wanted to reject the car. While rejection is a remedy under the CRA, a consumer can choose to accept repair instead, which Mr D effectively did when he arranged for the engine to be replaced by his chosen repairer. This repair was completed in September 2025, and Mr D has been using the car since.

While the car was awaiting and undergoing repairs it was off the road and undriveable. Mr D says he was without use of the car from 24 December 2024 – 27 January 2025, so around one month whilst it was awaiting repairs for the oil leak. Mr D has said the car was later undrivable due to the engine failure from 18 March 2025 until 20 September 2025. This all seems consistent and in line with the invoices he's provided. During these times he was paying for goods he was unable to use. As the car was off the road due to it being of unsatisfactory quality when it was supplied, Northridge Finance should refund seven monthly payments to reflect loss of use.

Mr D has also incurred towing costs and repair costs, as well as an inspection he arranged to diagnose the engine failure. So, I think he should be refunded these amounts. Our Investigator recommended Northridge Finance reimburse the cost of a replacement battery but I'm afraid I don't agree. A battery is considered a wear and tear item but, in any event, it's likely the component was reaching the end of its lifespan. Further, as Mr D still has the car, he is getting full use out of this, so I won't be recommending Northridge Finance refund this amount.

Interest should be added to all refunded amounts, calculated at 8% simple per year on each of the refunded payments, from the date of payment until the date of settlement.

Mr D asked if he would be reimbursed for his road tax and insurance costs but I'm afraid I

won't be asking Northridge Finance to refund this. Under the terms of the agreement Mr D is responsible for both taxing and insuring the vehicle for the duration of his possession of the vehicle.

Lastly, I've considered that Mr D has been inconvenienced by the breakdown of the car, he's had to arrange towing on more than one occasion and arrange repairs. He's also been left without the use of his car for a considerable amount of time. Mr D also said both he and his wife are disabled, his mother is also elderly and so he relied on the car to support members of his family. But he wasn't able to do so without having use of the car. Because of this I think Northridge Finance should pay Mr D £500 compensation in recognition of the distress and inconvenience caused over a considerable period of time by being supplied with a car that wasn't of satisfactory quality.

So, I intend to direct N.I.I.B. Group Limited trading as Northridge Finance to:

- Refund Mr D for the overall costs of repairs undertaken in January 2025 and September 2025 at £13,142.
 - Refund £126.00 for the independent inspection diagnosing the engine failure in April 2025.
 - Refund £89.00 in towing costs and any recovery costs on receipt of evidence these were incurred by Mr D.
 - Refund seven monthly payments to reflect loss of use.
 - Pay 8% simple yearly interest on all refunded amounts – calculated from the date of payment to the date of refund.
 - Pay Mr D £500 compensation for the distress and inconvenience caused.
- *If Northridge Finance considers that tax should be deducted from the interest element of my award, it should provide Mr D with a certificate showing how much it has taken off so he can reclaim that amount if he is eligible to do so.*

Responses

I gave both parties two weeks to come back with any further information or evidence. Mr D confirmed he had nothing further to add and accepted my findings. Northridge Finance replied and made further comments.

In summary it said its stance remained the same, Mr D didn't give the dealership an opportunity to resolve the problem. It said even if there was firm evidence that the faults were present at the point of supply it didn't change the fact that unauthorised repairs were carried out which potentially caused further damage.

It said the supplying dealership supplied a warranty and was explicit in telling Mr D how to claim under it. It accepted that Mr D choosing a third-party repairer was influenced by the geographical distance but didn't think this was justification for not following the process.

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 thought about everything again and having carefully considered the comments Northridge Finance has made in its recent response, I still think this complaint should be upheld.

Northridge Finance says Mr D did not give the supplying dealership the opportunity to put things right before arranging repairs elsewhere. However, based on the information available to me, I do not find this argument persuasive.

The evidence shows that Mr D contacted the dealership promptly after he noticed the oil leak. Following this, a warranty was arranged and Mr D says he was advised to go ahead and organise repairs with a third-party garage closer to where he lived. I appreciate that I was not present when this conversation took place, and I have not been provided with supporting evidence such as a call recording that confirms exactly what was said. So, I cannot be certain of the precise details of the discussion.

However, when weighing the available evidence and the testimonies provided by the parties involved, on balance I find it more likely than not that Mr D was told to arrange repairs locally and that this is what he did. In the circumstances, I do not think it is fair to say that Mr D acted unreasonably by arranging repairs through a third-party garage.

I have also considered Northridge Finance's suggestion that the later engine failure may have been caused by, or contributed by, the earlier repairs. However, I have not been provided with any persuasive technical evidence to support this position. For example, there is no independent inspection or expert report demonstrating that the earlier repairs carried out by the third-party garage caused or materially contributed to the engine failure. In the absence of such evidence, I am unable to reasonably conclude that the initial repairs undertaken were responsible for the later fault.

I have also considered that Mr D proceeded with a second repair after the dealership indicated that returning the vehicle to them would not assist in resolving the problem. Given this and bearing in mind that Mr D needed continued use of a vehicle. Mr D relied on the car to fulfil family responsibilities and it's understandable why he would've wanted to address the issues promptly, so I do not think it was unreasonable for him to proceed with further repairs to try to keep the car in a usable condition.

Finally, the documentation provided, including the invoices for the work carried out indicates that the repairs were undertaken by an established and reputable garage. This further supports the view that Mr D acted reasonably in the steps he took to address the problems with the vehicle.

Taking all of this into account, I am satisfied that Mr D acted reasonably in arranging the repairs and that it would not be fair to hold this against him in the circumstances of this complaint.

Putting things right

I now direct N.I.I.B. Group Limited trading as Northridge Finance to:

- Refund Mr D for the overall costs of repairs undertaken in January 2025 and September 2025 at £13,142.
- Refund £126.00 for the independent inspection diagnosing the engine failure in April 2025.
- Refund £89.00 in towing costs and any recovery costs on receipt of evidence these

were incurred by Mr D.

- Refund seven monthly payments to reflect loss of use.
- Pay 8% simple yearly interest on all refunded amounts – calculated from the date of payment to the date of refund.
- Pay Mr D £500 compensation for the distress and inconvenience caused.

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

My final decision

My final decision is that I uphold this complaint and direct Northridge Finance to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 April 2026.

Rajvinder Pnaiser
Ombudsman