DRN-6026742

The complaint

Mr D complains that N.I.I.B. Group Limited trading as Northridge Finance ("Northridge") supplied him with a car that wasn't of satisfactory quality under a hire purchase agreement.

What happened

In June 2024, Mr D acquired a used car through a hire purchase agreement from Northridge. The car was around four years old and had travelled around 28,850 miles. The cash price of the car was £87,000. Mr D paid a cash deposit of £5,000 and the remainder was financed through the hire purchase agreement. He was required to repay 48 monthly repayments of £1,263.28, followed by a final optional payment of £43,660 if he wanted to take ownership of the car.

Mr D raised concerns soon after taking possession of the car that it had been supplied with tyres that weren't roadworthy and a coating the dealership had agreed to apply to the car hadn't been. The dealership completed the coating, but Mr D says the replacement tyres that were then put on the car invalidated certain elements of his warranty and he was required to replace those tyres at a cost to himself.

Mr D complained to Northridge in July 2024. Northridge agreed in September 2024 to arrange for the cost of the tyres to be refunded to him.

Subsequently the car had a number of other faults, such as a scratching sound from the gear selector, issues with the battery, the roof mechanism not working properly, an engine management light intermittently illuminating and a levelling system fault. Mr D raised a further complaint with Northridge about these issues in early November 2024. He said he now wanted to reject the car given the number of issues he had experienced. He also said that he had not been reimbursed for the tyres as promised.

Northridge said it needed to investigate these new issues first. The supplying dealership confirmed to Northridge in late November 2024 that it had carried out these repairs successfully and had resolved all the outstanding issues.

Mr D contacted Northridge again in December 2024 to explain that the issues with the noise and roof as well as the engine management light had not been rectified and he asked once more to reject the car. Northridge didn't agree to this and asked Mr D to book the car in with the supplying dealership for further investigation.

I sent Mr D and Northridge my provisional decision on 1 December 2025. I explained why I was planning to uphold the complaint. I said:

> *Mr D acquired the car under a hire purchase agreement. 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 D entered into. The CRA implies terms into the agreement that the goods that are supplied are of satisfactory quality. Northridge 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.

The CRA says that the quality of the goods is satisfactory if they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price and all other relevant circumstances. For this case, I think the other relevant circumstances include the age and mileage of the car at the point of supply.

In this case, the car supplied was used, it was around 4 years old and had covered around 28,850 miles when Mr D took possession of it. It had a cash price of £87,000. The car was what might be considered a prestige car, and it had a relatively low mileage which was reflected in the cash price. Although what would be considered satisfactory would be different to if the car been brand new, I still think it would have been reasonable to expect the car to have been fault free and reasonably durable.

I understand it isn't in dispute that Mr D should be refunded the cost he paid to replace the tyres on the car. I'm satisfied that would be a fair way to resolve that specific issue and Northridge should reimburse him (if it hasn't already) on receipt of evidence from Mr D as to how much he paid. What is in dispute are the other faults Mr D has highlighted.

I've seen that Mr D first raised the issues with the roof, the noise and the engine management light with Northridge in early November 2024. At this point the car had been in Mr D's possession around five months. I understand Mr D asked to reject the car at this time. It could be argued that Mr D was entitled under the CRA to reject the car at this time given the car had already not conformed to the contract once (due to the tyres and coating) and Northridge (or it's agent on its behalf) had already had its one attempt at a repair (as required by the CRA) to make the goods conform to the contract.

However, I understand Northridge wanted an opportunity, via the supplying dealership to remedy these issues. While it was debatable whether it was entitled to insist on that given Mr D's rights under the CRA, I don't think it was wholly unfair or unreasonable given these issues were new and entirely distinct from the previous problems. Further, Northridge hadn't been notified of the issue with the coating on the car before a remedy was arranged.

Northridge reached out to the supplying dealership who confirmed it had repaired the issues Mr D had complained about. However, Mr D has provided a report from an independent garage which shows that those faults remain. The repair attempt carried out by the supplying dealership was therefore unsuccessful.

When Mr D then requested to reject the car again in December 2024, I find Northridge's refusal to agree to that to be unfair and unreasonable. It had at this stage been given a reasonable opportunity to make the goods conform to the contract, and based on the evidence provided by Mr D, I'm satisfied the car remains of unsatisfactory quality. For these reasons I think it is fair and reasonable for Mr D to be entitled to reject the car.

Northridge has sought to argue that it hasn't been able to establish that the current faults were present or developing at the point of supply and therefore there is nothing to demonstrate it is liable for a remedy under the CRA. However, I don't think there is any merit in this argument for several reasons.

Under the CRA, if a fault materialises in the first six months, it is assumed the goods

didn't conform to the contract when they were supplied, unless it can be shown otherwise. Northridge and the supplying dealership have had ample opportunity to investigate the condition of the car and neither has provided any persuasive evidence to demonstrate these issues weren't present or developing at the point of supply. Had the supplying dealership felt the cause of these faults had not been present at the point of supply or that the parts hadn't failed prematurely, then I fail to see why it agreed to carry out repairs at no cost to Mr D in late 2024.

Further, and most persuasively, Mr D had only travelled around 1,000 miles in the car by late December 2024 (and presumably less than this when he first reported the issues nearly two months earlier). His use of the car had been very limited in the six months he had it in his possession. Given the significant cash price, the relatively low mileage overall (as well as the low mileage covered by Mr D) and the prestige nature of the car, I think it is clear the car was likely not have been of satisfactory quality when it was supplied.

Mr D has said that his usage and overall enjoyment of the car has been impaired due the issues he's experienced. I agree that the nature of the faults will have impacted the use he could have had of the car. Further, his low mileage up to December 2024 also support that. I don't therefore think it would be fair to say he should have to pay the full monthly repayments he has made since those faults first presented.

There isn't an exact formula for working out what a fair reduction in these circumstances might be. However, having carefully considered all the factors in this specific case, I think it would be fair for Northridge to refund 25% of each monthly payment Mr D has made since November 2024. In reaching this figure I've had in mind that Northridge ought to have accepted rejection of the car at the latest in December 2024 and it is arguable it should have done so even sooner. However, I've not seen anything to persuade me the faults prevented Mr D from driving the car at all.

Further, Mr D has been inconvenienced on several occasions due the car not being of satisfactory quality. First, in having to pay for replacement tyres and waiting an extended period of time to be reimbursed for those costs. He has had repeated trips to the supplying dealership to try and remedy issues with the car. And he has had to arrange for another garage to supply supporting evidence as to the outstanding issues with the car. Taking all of this into consideration, I think Northridge should also pay him a further sum of £300 for the distress and inconvenience caused. It should also refund him the cost of his independent report on receipt of evidence showing how much he paid.

Northridge didn't respond to my provisional decision. Mr D agreed with most of my provisional decision. However, he was of the view that he should receive a larger refund of each monthly repayment that he made. He considered a refund of 50% of each repayment to be fair. This was on the basis that there was a severe impairment of his use of the car. He said the current mileage on the car was 32,170 which demonstrated he had continued to have limited use of the car (compared to his declared expected annual mileage of 8,000 when he entered into the hire purchase agreement).

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

broadly the same reasons. However, I'll address the additional points Mr D has raised and explain why I don't think a greater refund than 25% of the monthly repayments since November 2024 would be fair and reasonable here.

I can't know for certain what mileage Mr D would have covered had there been no issues with the car. However, based on the available evidence I'm satisfied that the remedy I proposed in my provisional decision is fair. As a starting point, the issues that made the car of unsatisfactory quality did not prevent the car from being used, which is demonstrated by Mr D's continued use of it after he asked to reject it.

I accept that the stated annual mileage on the hire purchase agreement is 8,000. However, this doesn't necessarily reflect what Mr D was intending to cover in the car. It is simply the maximum mileage he was entitled to cover before additional charges would be applied by Northridge.

Further, in the first six months Mr D had only travelled around 1,000 miles in the car. While I accept he will have had some impaired usage in this time, the issues which would have caused the majority of the impaired usage (the roof, the noise and the engine management light), don't appear to have presented themselves until around five months after Mr D entered into the agreement. Therefore, I'm not persuaded that his usage of the car up until that point demonstrated that he would have likely travelled close to 8,000 miles per year in the car.

Lastly, Mr D has continued to use the car after asking to reject it. And he has continued to use it at a similar average rate of around 1,000 miles every six months. From what I've seen, I'm satisfied there was some impaired usage due to the issues with the car, but I've not seen anything to demonstrate it was likely to have resulted in a greater loss than the 25% I've previously suggested.

In deciding what a fair refund ought to be, I've also considered Mr D's actions after he asked to reject the car. Mr D continued to drive the car after seeking rejection. This car doesn't appear to be a car that is arguably for 'every day' use and Mr D hasn't suggested it was necessary for him to continue driving it. It's therefore possible a court might conclude Mr D isn't entitled to reject the car at all due to his subsequent decision to continue driving it. It could be suggested his actions indicated he no longer wished to pursue rejection. While I've had this in mind when considering what is fair overall in terms of a remedy, I'm nevertheless satisfied that it would be fair and reasonable to allow Mr D to reject the car in the specific circumstances of this case.

This is due to the reasons I set out in my provisional decision. In particular, because Northridge failed to allow Mr D to reject the car on more than one occasion when he arguably was entitled to. However, the car remained driveable (albeit with some issues that would have impacted Mr D's use of it to some degree), so it would be fair for Mr D to pay for the use he's had, less a deduction of 25% (to account for any impaired usage) of the monthly repayments since November 2024 when the majority of the issues were first reported to Northridge.

My final decision

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

- End the hire purchase agreement ensuring he is not liable for any further monthly repayments, and collect the car at no cost to Mr D.
- Refund Mr D's deposit of £5,000.

- Refund 25% of each monthly payment Mr D has made from November 2024 (inclusive).
- On receipt of evidence from Mr D as to how much he paid, refund the costs he incurred in replacing the tyres and obtaining the report in December 2024.
- Pay 8% simple interest per year on any refund from the date each payment was originally made by Mr D to the date of settlement.
- Pay Mr D £300 compensation for distress and inconvenience.

If Northridge considers 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 January 2026.

Tero Hiltunen
Ombudsman