

The complaint

Mr A complains about a car supplied to him using a hire purchase agreement taken out with NIIB Group Limited trading as Northridge Finance (“Northridge”).

What happened

In February 2025, Mr A acquired a used car using a hire purchase agreement with Northridge. The car was over seven years old, the cash price of the car recorded on the agreement was £11,995, the agreement was for 48 months, made up of 47 regular, monthly repayments of £234.40, followed by a final payment of £244.40, which included a £10 option to purchase fee. The advance payment recorded on the agreement was £3,000. The mileage recorded on the sales invoice for the car was 99,910 miles.

In June 2025, when the car’s mileage was 102,415 miles, Mr A said he experienced issues with it. A message appeared on the car’s dashboard which read:

“Steering: fault. Please stop vehicle”

Mr A, at his own expense of £160, arranged for the car to be diagnosed by a third-party. Comments recorded on the invoice said:

“Steering lock will not engage meaning that it will not allow the ignition to be turned on”

Mr A said the car was unable to be repaired by the third-party and so paid a further £85 to another third-party to have the car sent to a manufacturer garage to be repaired.

Mr A received a quote from the manufacturer garage for repairs to the car for approximately £4,000. The works suggested that the steering column lock control unit had a fault, and it required replacing, among other things.

Mr A complained to Northridge in July 2025 and the car was inspected by an independent third-party in August 2025. The engineer was unable to diagnose an issue and considered the inspection to be inconclusive, as the car was in a dismantled condition. They recommended the car to be returned to a serviceable condition for further inspection and diagnosis.

Mr A didn’t receive a final response from Northridge within eight weeks, so he referred his complaint to our service.

Northridge communicated to our service two options they were willing to offer Mr A. One option was for the repair of the car, based on the quote that had been produced to the value of approximately £4,000. The other option was for the unwinding of the agreement.

Mr A said that he wanted all costs incurred to be refunded, including invoices he paid for diagnostics and disassembly/reassembly work as well. And so explained that he didn’t accept the offers made. Our investigator then went on to look into things.

The car was then taken back to the manufacturer garage for parts of it to be reassembled. Mr A paid for the works carried out at a cost of £606.60. It said on the invoice that a new steering column lock control unit and body control module was required.

The car was inspected again by an independent third-party in September 2025. The report concluded that it was likely the fault with the car was present at the point of policy inception.

Our investigator upheld Mr A's complaint. In summary, she thought Mr A could reject the car and explained to Northridge what they needed to do to put things right.

Mr A accepted the investigator's findings. Northridge disagreed with what the investigator said. Among other things, Northridge believed the car was of satisfactory quality at the point of supply, given that Mr A extended the car's warranty in June 2025 and didn't report issues with it at the time. Mr A explained that he only extended the warranty as a precaution for the future. Mr A also said that despite the supplying dealership being aware of the issues he experienced with the car, they didn't make any attempt to contact him directly to try and resolve matters or repair the car.

As Northridge didn't accept the investigator's findings, the complaint was passed to me to decide.

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'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr A complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr A's complaint about Northridge.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Northridge here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr A acquired was used, over seven years old, had been driven 99,910 miles and cost £11,995. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

It isn't in dispute here that the car developed a fault. I say this because information has been supplied from various third parties to suggest there was an issue with the car. Mr A received warning messages on the car in relation to a steering issue fault and job sheets from a manufacturer dealership said that the car required a steering column lock control unit and a new body control module.

So, I'm satisfied the car had a fault with its body control module and this may have also resulted in a steering column lock control unit failure.

Was the car of satisfactory quality at the point of supply?

I've noted the conclusions reached by an expert independent engineer, who inspected the vehicle. The report said:

"In our opinion, the fault would have been in development at sale."

Considering the fault presented itself within a few months of the car being acquired, within around 2,500 miles; and the inspection report says they believed the fault to be a pre-existing condition; I'm satisfied the fault was likely present or developing at the point of supply.

Remedies under the CRA

I've gone on to think carefully about the remedies available to Mr A under the CRA. I've also thought carefully about the time that has elapsed, and the opportunity Northridge has had to resolve any issues with the car.

Northridge offered to repair the car or to allow Mr A to reject it. Mr A wishes to reject the car.

Given the time that has now passed, and the further delays a repair would cause, I think a fair and reasonable way to resolve this matter would be for Northridge to allow the rejection of the car.

Loss of use and other costs

Mr Hasn't had use of the car since it showed signs of a fault on 17 June 2025. I think Mr A acted reasonably in stopping to use the car, given the message that appeared on the car's dashboard. So, I'm satisfied that Northridge should also reimburse Mr A a pro rata of any monthly repayments he made towards the agreement from 17 June 2025 up to when the car is collected and the agreement settled. I don't think it would be fair for Northridge to reimburse Mr A for monthly repayments prior to 17 June 2025, as Mr A was in possession of the car and had full use of it, without any notable loss of use or impaired usage.

Mr A has provided our service with receipts for alternative travel he took due to issues with the car. But as I will already be instructing Northridge to reimburse Mr A his monthly repayments for the time he didn't have use of his car, I don't think it would be fair and reasonable for them to also reimburse Mr A for these costs.

Mr A has supplied invoices of other costs incurred because of the issues he experienced with the car. These being:

- £160 for the cost of a diagnostic test and attempted repairs carried out to the car on 24 June 2025.

- £85 for the cost of having the car uplifted to another garage to be repaired on 24 June 2025.
- £606.60 for the cost of the diagnostic test and works carried out to the car and paid for on 11 September 2025.

Mr A has provided evidence of all these costs. Given that these costs were incurred due to the issues with a car which was found to be of unsatisfactory quality at the point of supply, I'm satisfied that Northridge should also reimburse Mr A for these amounts.

Distress and inconvenience

Mr A has described the impact this complaint has had on him and in particular the impact to his mental health. Given the circumstances, I think it would be fair and reasonable for Northridge to pay Mr A £200 for the distress and inconvenience caused by this complaint.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct NIIB Group Limited trading as Northridge Finance to put things right by doing the following:

- End the agreement ensuring Mr A is not liable for monthly rentals after the point of collection (it should refund any overpayment for these if applicable).
- Collect the car (if this has not been done already) without charging for collection.
- Refund Mr A's advance payment towards the agreement of £3,000. If any part of this advance payment was made up of funds through a dealer contribution, then Northridge doesn't need to refund this amount. *
- Reimburse Mr A a pro rata of repayments made towards the agreement from when the car first presented faults on 17 June 2025 to when the agreement ends and the car is collected. *
- Reimburse Mr A £160 for the cost of the diagnostic test and attempted repairs carried out to the car on 24 June 2025. *
- Reimburse Mr A £85 for the cost of having the car uplifted to another garage to be repaired on 24 June 2025. *
- Reimburse Mr A £606.60 for the cost of the diagnostic test and works carried out to the car and paid for on 11 September 2025. *
- Pay Mr A £200 to reflect the distress and inconvenience caused.
- Remove any adverse information from the customer's credit file in relation to the agreement, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Northridge considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Northridge has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

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

Ronesh Amin
Ombudsman