

The complaint

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

What happened

In September 2024, Mr M acquired a used car using a hire purchase agreement with Northridge. The car was three years old, the cash price of the car recorded on the agreement was £11,570, the agreement was for 37 months, made up of 36 regular, monthly repayments of £184.79, followed by a final payment of £5,680, which included a £10 option to purchase fee. The advance payment recorded on the agreement was £1,571. The mileage of the car recorded on the agreement was 43,645 miles.

In January 2025, Mr M said the engine management light (“EML”) appeared on the car’s dashboard and there was white smoke emanating from the car. Mr M took the car to a third-party garage, which was a manufacturer approved garage, and was local to him. Mr M said he did so as he believed he had the appropriate warranty cover in place for them to repair the car.

In March 2025, after repairs had been carried out, Mr M said he was informed that he didn’t have valid warranty for the car to cover the cost of all the works completed.

Mr M complained to Northridge about the issues he experienced with the car. Northridge didn’t uphold Mr M’s complaint and in summary they explained that as the repairs and works carried out to the car were completed by a third-party garage, without the supplying dealership being made aware, the repairs were unauthorised.

Mr M said he didn’t authorise the repairs to be completed by the third-party garage. Mr M also said that he was unhappy as he believed the car was sold with a full-service history and with a warranty, and he believed it had been sold with neither.

Unhappy with Northridge’s response, Mr M referred his complaint to our service.

Our investigator issued a view where she explained why she upheld Mr M’s complaint. She set out what she thought Northridge needed to do to put things right. Mr M and the third-party garage provided some further information about the period in which the car was undergoing repairs. And so, the investigator issued a further view outlining what she thought Northridge needed to do.

As Northridge didn’t respond to the investigator’s outcome in time, 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 M 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 M'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. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

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 M acquired was used, three years old, had been driven around 43,650 miles and cost around £11,600. 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?

Mr M said he began to experience issues with the car in January 2025 when the EML illuminated and white smoke came out from the car. The car was then recovered and repaired by a third-party garage, local to him. The invoice for the works carried out said that the engine gas recirculation ("EGR") wasn't working as it should and that it required replacement. It also explained that a compression and cylinder leak test was performed and that it shown all four cylinders to be down on compression against the minimum recommended level.

Our investigator contacted the third-party garage who confirmed that they had to replace the EGR system, the engine control unit ("ECU"), the diesel particulate filter ("DPF") system, valves and injectors.

Considering the above, I'm satisfied the car had a fault in relation to the items above that were replaced, as I wouldn't expect there to be a need to repair or replace these items, if there wasn't a fault to them.

My understanding is that these items were all replaced under warranty, at no cost to Mr M. However, the cost for the labour to carry out the repairs is still outstanding.

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

It is worth noting that the car had been in Mr M's possession for around four months and he had driven it less than 4,900 miles, before he began to experience issues with it. And in total,

the car had been driven less than 50,000 miles in its lifetime, before parts in it failed and required replacing.

Considering the faults presented themselves shortly after the car was acquired, I'm satisfied the faults were likely present or developing at the point of supply. And I think the evidence also points to the car not being sufficiently durable at the point of supply. So, it follows that I don't think the car was supplied to Mr M of satisfactory quality.

Remedies under the CRA

What I now need to consider is whether Northridge needs to do anything to put things right. From my understanding, the car is now operational and can be driven. The repairs were also carried out at no cost to Mr M, other than labour costs remaining outstanding.

As I've explained above, I'm satisfied Mr M was supplied a car that wasn't of satisfactory quality. So, I don't think it would be fair for Mr M to be out of pocket for any expenses in relation to the repair of the car. While I appreciate Northridge say that unauthorised repairs were carried out, I'm mindful that this doesn't mean the car wasn't faulty at the point of supply.

Thinking about things pragmatically, broadly speaking, Mr M's rights under the CRA have been met, by the car being repaired to a satisfactory condition. And as I don't think Mr M should be out of pocket for any costs due to the repairs, I think it is fair and reasonable that Northridge pays for the outstanding amount owed, so Mr M can collect his car from the third-party garage.

Other costs

Mr M has explained that issues with the car first presented themselves on 15 January 2025 and from my understanding, repairs were fully completed on 14 October 2025. So, I think it is fair and reasonable that Northridge reimburse Mr M a pro rata of his monthly repayments made between these two dates.

Distress and inconvenience

Mr M has detailed the impact this complaint has had on him. And I'm mindful that Mr M didn't have use of his car for several months. In the circumstances, I think it is fair and reasonable that Northridge pay Mr M £100 for the distress and inconvenience caused.

Mr M also made a complaint about what he feels was a misrepresentation made in relation to the servicing history of the car and the warranty sold with it. But as I am already upholding the complaint on other grounds, I don't think I need to make a finding on this matter

.

My final decision

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

- Ensure Mr M isn't out of pocket for any outstanding balance owed to the third-party garage that completed the repairs to the car. If Mr M paid for this and he can give evidence of this to Northridge, then they should reimburse this amount to him. *
- Reimburse Mr M a pro rata of his monthly repayments made from 15 January 2025 to 14 October 2025. *

- Pay Mr M £100 for the distress and inconvenience caused by this complaint.
- Remove any adverse information from Mr M's credit file in relation to the agreement, between January and March 2025, 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 M how much it's taken off. It should also give Mr M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 March 2026.

Ronesh Amin
Ombudsman