

The complaint

Mrs D complains that a car supplied to her under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance (Northridge) was of unsatisfactory quality.

What happened

In September 2024, Mrs D was supplied with a used car through a hire purchase agreement with Northridge. The cash price of the car was £11,348. She made an advance payment of £348, and the agreement was for £11,000 over 60 months; with 59 monthly payments of £260.69 and a final payment of £270.69. At the time of supply, the car was around seven years old and had travelled around 53,673 miles.

Within a few weeks of supply, Mrs D returned the car to the dealership and reported several faults. She said there was an intermittent fault warning when applying the handbrake, the tyres kept losing pressure and the car was skipping gears and juddering. The dealership noted a start/stop system error on the dashboard, so replaced the start/stop battery and said this resolved the handbrake issue. They also replaced the tyres which seemed to resolve that issue. After testing the car, they found the gearbox would intermittently fail to select gears and said the car would need to be inspected by a gearbox specialist.

The car was booked in for a further inspection and review by a gearbox specialist in January 2025. The dealership remained satisfied the handbrake and tyre faults were resolved. The gearbox specialist carried out a software update to the gearbox and ECU. The car was returned to Mrs D in February 2025, and the dealership said it was now operating as expected.

The following week, Mrs D said she was still experiencing problems with the handbrake and gearbox. She made a complaint and said she wanted to reject the car as she'd lost faith in it. Northridge was satisfied the dealership had repaired the faults Mrs D had reported, and said she'd need to provide independent evidence to show otherwise given the length of time that had passed. It offered compensation of £100 to recognise the problems she'd experienced and refunded one of her monthly payments.

The complaint was referred to this service. One of our Investigators considered the complaint and upheld it. They were satisfied Mrs D had done enough to show the car still had a fault – as she'd provided videos demonstrating the issue as well as a report from her garage. They said the car was of unsatisfactory quality and that Mrs D should be able to reject it. They also recommended that Northridge refund 10% of Mrs D's payments towards the agreement and pay an additional £150 compensation.

Northridge didn't accept our Investigator's opinion. They didn't find the letter from Mrs D's garage sufficiently persuasive or detailed to prove the car has a fault and weren't persuaded the videos on their own were enough to demonstrate the issue. They said the car had passed an MOT after the dealership's repair which didn't note any faults or advisories. They also noted that an independent inspection had found the car to be fault free – and were concerned the findings of the engineer had been discounted. They asked for the complaint to be referred to an Ombudsman for a final decision. So, it's been 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've reached the same overall conclusions as our Investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my decision on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mrs D was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mrs D entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mrs D took possession of it, or that it wasn't sufficiently durable, and this made it not of satisfactory quality, it'd be fair and reasonable to ask Northridge to put this right.

In this case, the car was around seven years old and had travelled around 53,673 miles. So, I think what would be considered satisfactory quality is different to if the car was supplied brand new. I think a reasonable person would expect a car of this age and mileage to be supplied with significantly more wear and tear – and to require some level of repair and maintenance sooner – than a newer or less travelled one would.

Under the CRA, faults which occur within the first six months of an agreement are assumed to have been present or developing at the point of supply – unless there's evidence to suggest otherwise. If a fault occurs after more than six months, that assumption doesn't apply. In this case, Mrs D reported multiple faults within a few weeks of supply which were also noted by the dealership prior to repair. So, in the absence of evidence to suggest otherwise I'm satisfied those faults were present or developing at the point of supply – and this doesn't appear to be disputed. What's in dispute is whether any of the faults persisted after the dealership arranged to repair them.

Section 24(5) of the CRA says *“a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.”* This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection. The dealership has already had more than one chance to repair the car – so if the car still doesn't confirm to contract, Mrs D would have the final right to reject it.

I've looked at the dealership inspection reports, which took place between September 2024 and February 2025. These state both the handbrake and gearbox faults were identified and repaired. The dealership noted the presence of a dashboard warning for the handbrake. They said it appeared to operate normally and without any warnings after the start/stop battery was replaced, and a diagnostic scan showed no remaining faults. The report confirms the gearbox was intermittently failing to select the correct gears, so the matter was referred to a third-party specialist who arranged a software update. The dealership tested the car in February 2025 and found it to be working as normal following this repair. The reports list a mileage of 57,490 when the car was returned to Mrs D.

An independent inspection of the car was arranged in May 2025. The mileage at the time was around 59,649 – roughly 6,000 miles higher than at the point of supply. The independent engineer carried out a diagnostic scan and road test, and found no present faults. They said the handbrake operated normally with no warning lights and found no problems with the gearbox. They also noted the presence of a historic fault code related to the handbrake. An MOT was carried out the previous months, with no advisories.

I've also seen two letters from Mrs D's garage. The contents of both letters are similar, and say the car didn't feel right during a road test – and was juddering and losing revs. They say a diagnostic scan showed a fault with the electronic oil pump suggesting a gearbox fault. They state the car was sold with a fault that would be expensive to repair. Northridge has said these letters can't be relied upon – as they don't contain the level of detail they'd expect from a professional garage's formal opinion. Having reviewed the letters, I'm inclined to agree with this. So, I haven't placed significant weight on these letters, and I don't think they demonstrate a fault on their own. For reasons I'll go on to explain, this doesn't materially affect my overall conclusions about the complaint.

Mrs D has provided several videos to demonstrate the faults. While these videos aren't dated, the odometer is visible in several of them and displays mileages between 59,000 and 62,000 – so I'm satisfied these videos were taken after the car was returned by the dealership. Four of these videos show a flashing handbrake indicator alongside an illuminated electronic handbrake warning light. I've looked at the manufacturer's guidelines, which state the lights displayed in the videos suggests the electronic handbrake isn't functioning as it should. She's also provided a photo of the dashboard displaying a message reading 'Stop/Start system fault'. Finally, she's provided three videos to show the car juddering and losing revs and the gearbox struggling to select gears – which are less clear, but visible.

I've considered all of the available evidence to determine what's more likely than not on balance. While neither the dealership nor the independent engineer identified a fault after the repairs, I also need to consider that the issues Mrs D reported have been intermittent from the start. So, it's not unexpected that they wouldn't present themselves during a road test or inspection. Mrs D has provided consistent testimony about the faults, and has provided multiple clear videos showing the problems occurring as she describes.

I've carefully considered what Mrs D has told us about her experience in the car and note she has been consistent throughout her testimony to Northridge, the dealership and this service. I've considered Northridge's point that no faults were diagnosed, but it's clear from Mrs D's testimony and the dealership's reports that the faults only occur intermittently. I also think it's highly unlikely Mrs D would go to the trouble of arranging an inspection, returning the car to the dealership multiple times and complaining to Northridge if she didn't

experience the faults as she described. I've also considered that the faults Mrs D describes – and the ones visible in the videos – are the same as the issues both she and the dealership described soon after the car was supplied. The problems were intermittent, so I don't think the fact the faults weren't replicated during a road test or MOT means there wasn't a problem. Taking everything into consideration, I'm not persuaded that the dealership's attempt to repair the faults was successful.

I appreciate Northridge may disagree – as neither the dealership nor the independent engineer found a fault. But my role is to decide what's more likely than not on the balance of probabilities – taking into account all of the available evidence. This includes expert assessments and contemporaneous evidence. Overall, for the reasons I've explained I'm satisfied Mrs D has done enough to demonstrate there's still a problem – even if the exact nature and cause of the faults have yet to be identified. This doesn't mean I've disregarded the findings of the independent engineer – only that I found the other available evidence sufficient to demonstrate that a fault persists given the individual circumstances of this complaint.

So, I'm satisfied on the balance of probabilities that the car still has a fault. Given that Mrs D reported problems with the handbrake and gearbox within a few weeks after the car was supplied – and has consistently reported and documented similar issues since it was repaired – I'm satisfied the fault was present or developing at the point of supply and that the dealership's repair failed. I don't think a reasonable person would expect a car of this age and mileage to be supplied with a fault that affects the operation of such critical components as the handbrake and gearbox. So, I'm persuaded the car was of unsatisfactory quality – and remains so after the dealership's repair. It follows that Mrs D should now be able to reject the car.

Putting things right

For the reasons I've outlined above, I'm satisfied Mrs D should now be able to reject the car. This means Northridge should collect the car and end the agreement with nothing further for her to pay. It should also refund the deposit Mrs D paid.

I've considered Mrs D's use of the car. Although she experienced faults, Mrs D has been able to drive the car for the duration of the agreement – except for when it was being repaired. Northridge has already refunded one monthly payment to recognise the time she was without the car, which I find fair. But I do think the handbrake fault would've affected her use and enjoyment of the car. Given that the problem was intermittent and didn't happen all the time, I think a 10% refund of the payments Mrs D made (excluding the payment Northridge already refunded in full) fairly reflects the loss of enjoyment caused by the fault.

It's also clear Mrs D has been inconvenienced by having to arrange for the car to be repaired on multiple occasions, and by those repairs being unsuccessful. This wouldn't have been necessary had Northridge supplied a car that was of satisfactory quality. She's also described the stress and uncertainty caused by the intermittent nature of the faults. Northridge has already paid Mrs D £100 compensation. Taking into account how long the matter has been ongoing and the fact that the dealership was unable to repair the fault, I think Northridge should pay an additional £150 – bringing the total compensation to £250.

So, Northridge should:

- End the agreement ensuring Mrs D is not liable for payments after the point of collection and take the car back without charging for the collection;
- remove any adverse information recorded on Mrs D's credit file in relation to this credit agreement, and the credit agreement should be marked as settled in full on her

- credit file, or something similar, and should not show as voluntary termination.
- refund the £348 advance payment Mrs D paid (if any part of this deposit is made up of funds paid through a dealer contribution, Northridge is entitled to retain that proportion of the deposit);
 - refund 10% of the monthly payments Mrs D made from the start of the agreement to the date of settlement (not including the payment already refunded by Northridge);
 - apply 8% simple interest per annum to the above refunded amounts, calculated from the date Mrs D made the payments to the date of settlement[†]; and
 - pay Mrs D an additional £150 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of satisfactory quality.

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

My final decision

My final decision is that I uphold Mrs D's complaint. I require N.I.I.B. Group Limited trading as Northridge Finance to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 11 May 2026.

Stephen Billings
Ombudsman