

The complaint

Mr S has complained that N.I.I.B Group Limited (“Northridge”) acted irresponsibly when it provided him with car finance in January 2022.

What happened

Mr S took out a hire purchase agreement with Northridge to finance a car in January 2022. The agreement was for £22,940 but with interest and charges included Mr S needed to repay a total of £31,807.63. He has said that at the time he signed the credit agreement he was a full-time student and not working so the finance was never affordable for him and Northridge shouldn't have provided him with the credit. In addition, Mr S has said that he was coerced into taking out the agreement by two men he knew and that the fact that he wasn't entering into the agreement voluntarily ought to have been clear to the salesperson in the dealership.

Northridge have said that at the time of application it carried out all appropriate checks and there was nothing to indicate the credit wouldn't be affordable for Mr S, who had told the business he was in full time employment. In addition, it has said that it queried the salesperson who dealt with Mr S at the time he went to the dealership, and they said that he didn't give any indication that he was uncomfortable with the sale and appeared to be relaxed and joking with the two men who accompanied him. So, it didn't think it had done anything wrong when it approved his application and didn't uphold the complaint.

Unable to come to a solution with Northridge Mr S brought his complaint to our service.

I issued a provisional decision on 14 January 2026, partially upholding Mr S' complaint. I asked that both parties provide any comments or additional information they wanted me to consider by 28 January 2026 after which time I would issue my final decision.

Neither party responded to the findings of the provisional decision and so my opinion of the complaint remains unchanged. For the sake of clarity, I will repeat my findings below.

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.

I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr S has effectively complained about two separate aspects of the finance provided by Northridge. Firstly, that is that the credit was fundamentally unaffordable for him, and he shouldn't have had his application approved. And secondly, that he was coerced into taking out the finance by third parties and Northridge ought to have provided him with more help and support.

I will consider these two points in turn.

Allegation of inappropriate lending:

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, the total cost of the credit and what it knew about the consumer at the time of application.

Mr S has told us that he was a full-time student at the point he applied for the hire purchase agreement from Northridge with limited to no fixed income. So, he believes it should never have approved the application in first place. He has explained that he only came to take out the credit as a result of a conversation with some associates of his who had approached him and asked him if he wanted to get involved in a car rental business they were running. He says that he provided them with a lot of his personal information, including a copy of his photo ID, national insurance numbers and date of birth, and that when he arrived at the dealership to view potential vehicles with them, a completed car finance agreement was waiting for him, fully approved and ready to sign.

Mr S has said that he wasn't presented or involved in completing the information on the application, including the declaration that he was working full time. But has provided evidence showing that he was in full time education at university at the time and has provided three months of bank statements to show that he had little to no income at the time.

Northridge has said that checks were completed but hasn't provided any evidence to support what these checks were or what information it relied on when approving the finance agreement. I can't see that it verified Mr S's income, to test the affordability of the lending, which given the value of the credit being provided, and Mr S' relatively young age at the time of application, I would have expected it to do. So, I don't think it's likely that the checks completed were sufficient and I think if Northridge had completed more thorough checks at the time, it would have realised Mr S wasn't working full time and wouldn't have provided him with the finance. So, I currently intend on upholding this aspect of Mr S' complaint.

As Mr S repaid the agreement shortly after taking it out, he'll only be entitled to a refund of the interest applied for the few days between the approval of the finance and its repayment in full. This is because the majority of the interest and fees applied to the agreement would've been refunded when it was repaid within the cooling down period.

Allegation of lack of support

Mr S has said that he was coerced into taking out the credit by associates of his. He has explained that at no time was the financed vehicle ever in his possession, it was driven away from the dealership by the people he was with and Mr S never sat in the car. He's also highlighted the fact the tax and insurance on the car were not taken out in his name, which he believes ought to have put the dealership on notice that something unusual was going on.

The day after he took out the finance agreement he contacted Northridge to ask about paying it off in full and how to arrange that. He said he did this following a conversation with his parents when he had explained what had happened. His parents then helped him to repay the cost of the agreement in full.

Mr S has since reported the matter to the police as he alleges the men he went to the dealership with also used his information to apply for additional car finance agreements from other providers without his knowledge or consent. The matter was then reported to the police by Mr S who is pursuing criminal damages from the other people involved.

Mr S has provided detailed testimony to our service, and to the police, which has been consistent in how he describes what happened in the dealership. He said that when he arrived he was surprised to find the paperwork for the finance agreement had been completed and was waiting for him to sign. He says that he tried to leave the dealership without signing the agreement and signed it incorrectly a number of times in order to try to void it. He also says that it ought to have been apparent the car wasn't for him as the tax and insurance information and direct debits were set up in someone else's name and the keys weren't given to Mr S but rather to one of the people he was with, who subsequently left the premises with the car but without Mr S.

Northridge asked the dealership some questions around the sale and what the salesperson recalls. They said that there was no indication that Mr S was uncomfortable and instead said he appeared to be chatting and laughing with the people who accompanied him. It has said that Mr S asked lots of questions about the agreement and how it worked and wasn't showing any indicators that he wanted to leave the dealership or was unhappy with application process. Which is a very different version of the events from what Mr S has described.

The salesperson from the dealership didn't comment on the fact that the tax and insurance had been taken out in someone else's name, or that Mr S wasn't given the keys to car at the end of the sale.

Overall, having read Mr S' extensive testimony, and listened to some of his subsequent calls with Northridge in the days following the credit application and approval, I'm not convinced Northridge did it all it could have to ensure Mr S was comfortable with the finance agreement.

While I accept that the dealership said Mr S seemed relaxed and comfortable with his companions on the day, I think it is strange that the vehicle he was agreeing to be financially liable for wasn't being taxed or insured in his name. And the fact that he didn't take possession of the car was also very unusual but not queried.

When Mr S contacted Northridge and asked about repaying the finance in full within a few days of taking out the agreement, I can't see that any safeguarding questions were asked and no one from the business seemed to query why, or how, a 21 year old, would suddenly want to pay out over £23,000 for a car he'd financed only a few days earlier.

So, I think Northridge missed indicators that Mr S may have been vulnerable and it ought to have done more to ensure he was comfortable with the agreement he was signing up for.

Because I think Northridge ought to have asked more questions around why Mr S was taking out the finance, whether the car was actually for his use, and why he wanted to cancel the agreement as quickly as he did, I'm intending on upholding his part of his complaint as well.

Ultimately the main financial harm Mr S experienced was caused by the behaviour of the men who he was with on the day he signed the agreement. The car was never in his possession and Mr S has confirmed it was later sold by those men without his knowledge. He has told us he never received any money from the sale of the car. However, these are criminal matters and not something Northridge can be held liable for.

Nevertheless, I do think Northridge ought to have asked Mr S more questions, both as part of its standard checks, but also about the fact the vehicle wasn't being taxed or insured in his name. He never took possession of it and then requested cancelling the agreement within a few days of taking it out. All of which was usual at the very least, and potentially signs that Mr S was vulnerable, and taking out a finance agreement he shouldn't have.

If anyone in the dealership, or from Northridge, had asked Mr S more questions when he applied for the credit, or when he rang up to query repaying it in full, it may have been possible to offer him genuine support in a situation where he was being pressured by the people with him. And for that failure I intend on asking Northridge to pay Mr S £200 compensation.

However, I can't fairly ask Northridge to refund the entire cost of the finance agreement to Mr S because I can't safely conclude it ought to have realised, he was being coerced into taking it out. And ultimately it was the people who effectively stole the car from Mr S who caused the overall financial loss he experienced and not Northridge.

I've also considered whether Northridge acted unfairly or unreasonably in some other way, including whether its relationship with Mr S might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

Putting things right

In order to put things right N.I.I.B Group Limited should:

- Refund any interest or charges paid by Mr S from the date he signed the credit agreement to the date the account was settled.
- Pay Mr S £200 compensation for its failure to offer any advice or support when he was showing clear indicators of vulnerability.

My final decision

For the reasons set out above I partially uphold Mr S' complaint against N.I.I.B Group Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 March 2026.

Karen Hanlon
Ombudsman