

The complaint

Miss A is unhappy that a car supplied to her under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance ('Northridge') was misrepresented to her.

Miss A has been represented during the claim and complaint process by Mr A. For ease of reference, I will refer to any comments made, or any action taken, by either Miss A or Mr A as "Miss A" throughout the decision.

What happened

In March 2025, Miss A was supplied with a used car through a hire purchase agreement with Northridge. She paid an advance payment of £7,905 and the agreement was for £18,365 over 49 months; with 48 monthly payments of £243.76 and a final payment of £12,728.

Shortly after being supplied with the car, Miss A had a professional valet done. She says that, after this had been done, she discovered the car had multiple issues that hadn't been disclosed to her at the point of supply – poor quality paintwork repairs, overspray, misaligned body panels, poorly refurbished alloy wheels, and evidence of a dent removal on the rear nearside door. She also said that the poor quality repair on the nearside had resulted in the rear nearside door rubbing against the sidestep, making it difficult to close properly.

Miss A says that the supplying dealership's advertised 123-point check states that the issues she was having with the car were things that should've been checked. And she complained to Northridge. They said that *"cosmetic issues are not a reason to reject the vehicle, and it must display a major fault within the first 30 days to facilitate rejection."* They said the dealership had offered to buy back the car from Miss A and provide her *"with some form of goodwill"*, so, they didn't uphold the complaint.

Unhappy with this response, Miss A brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that the 123-point check covered the issues Miss A had found with the car, and the dealership had not made her aware of these issues on supply. So, they thought the car had been misrepresented. Given this, they said that Miss A should be able to reject the car with a refund of her deposit, and a refund of the repair costs she incurred when she discovered the faults. They also said that Northridge should pay Miss A £150 compensation to reflect the distress caused by the misrepresentation.

Miss A didn't accept the investigator's recommendation. She said that she wanted to keep the car and have it repaired. However, if this wasn't possible, then she also wanted Northridge to refund the deposit and all the repayments she'd made, refund the cost of the extended warranty she'd purchased, reimburse the repair and servicing costs she'd incurred, and provide *"appropriate compensation for distress and inconvenience."*

Northridge also didn't agree with the investigator's opinion. They said *"the vehicle was sold with full transparency regarding its condition. The issues raised are cosmetic and do not reach the threshold for rejection."*

As neither party agreed, this matter has 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 the 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 view on the balance of probabilities – what I think is most likely 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. Miss A was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Section 56 of the Consumer Credit Act 1974 states that any negotiations conducted by the credit broker or supplier of goods are deemed to be conducted in the capacity of an agent of the creditor, and that this includes all communications and representations made. This means that, in this case, any discussions, communication, or representations made by the supplying dealership in respect of the condition of the car were done so as an agent of Northridge, for which Northridge remain liable.

This is a complaint about misrepresentation. For misrepresentation to be present there must (a) have been a false statement of fact (either directly or by omission), and (b) that false statement of fact must have induced, in this instance, Miss A to have financed this particular car with Northridge. Misrepresentations can be fraudulent (where a false statement of fact is made by someone knowing it's untrue), negligent (where a false statement of fact is carelessly made without reasonable grounds for believing it to be true), or innocent (where the false statement is neither negligent nor fraudulent).

I've seen photographic evidence of the damage to the car which clearly shows accident damage, poor repairs (paint overspray), misaligned body panels, poorly refurbished alloy wheels, and a door rubbing against the sidestep thereby indicating issues with the hinges.

I've also seen the details of the 123-point check advertised by the dealership, and this includes that they will check:

- for evidence of accident damage repairs
- for evidence of poor previous repairs
- for body/panel alignment
- if the door hinges are operating properly
- the condition of all alloy wheels/wheel trims

They also advertise that, only when a car passes this check, will they "*certify it as ready for our customers.*" I've seen that the dealership completed a Used Vehicle Handover Checklist, which Miss A signed on 28 March 2025. I'm satisfied that any reasonable person would take this as the certification the 123-point check had been completed, and there is nothing on this or the attached Vehicle Health Check which indicates any cosmetic issues (or indeed any other issues) with the car – had the 123-point check uncovered the issues with the car, I

would expect them to be disclosed to Miss A on these documents, or by way of an attached supporting document.

What's more, in an email dated 4 October 2025, sent as part of the response to Miss A's complaint, the dealership confirmed the car "*passed our used car quality standards*" i.e., it passed the 123-point check. So, while Northridge have said the dealership were fully transparent about the condition of the car, these documents and subsequent email show that this wasn't the case.

Based on this evidence, I'm satisfied there has been a false statement of fact by the dealership – they provided Miss A with documentation that any reasonable person would take to be confirmation the car had passed the 123-point check, when the evidence clearly shows this was not the case. I think it's also reasonable for me to conclude that Miss A wouldn't have accepted the car without this confirmation, so this false statement of fact induced her into taking the car.

For completeness, as Miss A didn't purchase the car under the Distance Selling Regulations i.e., she saw and had the opportunity to examine the car prior to purchase, I've also considered section 9(4) of the Consumer Rights Act 2015 ('CRA'). This says that, where a consumer has had the opportunity to examine the goods before or at the point of purchase, and where there is a clear and obvious defect, or when an examination ought to have revealed a defect, then there is assumed acceptance of that defect, and it doesn't make the goods of an unsatisfactory quality at the point of supply.

However, as the cosmetic issues only became apparent after the car was professionally valeted, I'm not satisfied there was a clear and obvious defect at the point of supply. As such, section 9(4) doesn't apply in this instance, and I'm satisfied the car was misrepresented to Miss A. Therefore, Northridge need to do something to put things right.

Putting things right

Northridge have said that cosmetic issues don't make the car of an unsatisfactory quality at the point of supply, and therefore the threshold for rejection cannot be met. However, this is not what's being considered here – I'm not looking at whether the car was of a satisfactory quality when it was supplied, as defined by the CRA. Instead, what I'm considering is whether the condition of the car was misrepresented by the dealership (for which, as I've said above, Northridge are liable).

Where a qualifying misrepresentation has been made, as is the case here, then our usual approach is to say the goods should be rejected and the agreement unwound. In this instance I see no compelling reason why I shouldn't adopt this approach here – Miss A wants the car to be repaired, but I cannot guarantee that any repair will be economically viable, successful, and/or would not uncover further issues relating to previous accident damage. As such, I will be directing Northridge to allow rejection, and to refund the deposit Miss A paid.

Although I'm satisfied there were issues with the car that resulted in the misrepresentation, this didn't stop Miss A being able to use it while it was in her possession. And I think it's only fair that she pays for this usage. So, while Miss A has asked for a full refund of the payments she's made, it would not be fair to ask Northridge to do this – refunding the payments would essentially mean that Miss A has had an extended period of free motoring, something that would not have happened had the car not been misrepresented.

Miss A has also asked for a refund of the extended warranty she paid for. However, I haven't seen anything that shows me this warranty was financed by Northridge. As such, I

won't be asking Northridge to refund this cost, and this is something Miss A needs to take up with the dealership directly.

However, if I'm wrong about this, and the warranty was included in the amount Miss A financed, then she was paying for this warranty over the full term of the agreement. So, by having the agreement unwound, Miss A would essentially have only paid for the warranty protection for the time she was in possession of the car, and any unused warranty would not need to be paid for. So, again, this is not something Northridge need to refund.

Miss A has said that she spent £600 having exterior detailing and machine polishing done to rectify the paint defects. This is a cost she would not have incurred if the car hadn't been misrepresented, so it's something Northridge should reimburse. However, the agreement required Miss A to keep the car in good repair and to have it serviced in line with the manufacturer's guidelines. So, as Miss A has had continued use of the car, it's only fair that she pays the servicing costs, and this is not something I'll be asking Northridge to refund.

Finally, I think Miss A should be compensated for the distress and inconvenience she was caused by the car being misrepresented to her. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended Northridge pay Miss A an additional £150 to recognise the distress and inconvenience caused. Having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing Northridge to make.

Therefore, Northridge should:

- end the agreement, ensuring Miss A is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Miss A;
- remove any adverse entries relating to this agreement from Miss A's credit file;
- refund the deposit Miss A 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);
- upon receipt of invoices and proof of payment, reimburse Miss A the £600 detailing and polishing costs she incurred;
- apply 8% simple yearly interest on the refunds, calculated from the date Miss A made the payments to the date of the refund[†]; and
- pay Miss A an additional £150 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Northridge must pay this compensation within 28 days of the date on which we tell them Miss A accepts my final decision. If they pay later than this date, they must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires Northridge to take off tax from this interest, they must also give Miss A a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Miss A's complaint about N.I.I.B. Group Limited trading as Northridge Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 16 March 2026.

Andrew Burford
Ombudsman