

## **The complaint**

Mr J complains that N.I.I.B. Group Limited, trading as Northridge Finance, irresponsibly provided him with credit when it supplied a car to him under a hire purchase agreement.

## **What happened**

A used car was supplied to Mr J under a hire purchase agreement with Northridge Finance that he electronically signed in January 2025. The price of the car was £29,120 and Mr J agreed to make 48 monthly payments of £503.34 and a final payment of £13,334 to Northridge Finance.

The car was sold back to the dealer in May 2025 and the hire purchase agreement was ended. Mr J complained to Northridge Finance about the hire purchase agreement in June 2025. It didn't uphold his complaint and said that there was no evidence that it didn't undertake a suitable creditworthiness assessment when considering his application.

Mr J wasn't satisfied with its response so referred his complaint to this service. He says that Northridge Finance had failed to take responsibility for its lack of proper affordability checks. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Northridge Finance had acted fairly. He was satisfied that, if reasonable and proportionate checks had been carried out, they would more likely than not have shown that the hire purchase agreement wasn't affordable and sustainable for Mr J.

He recommended that Northridge Finance should calculate how much Mr J had paid in total and deduct £1,510.59 for fair usage and, if he'd paid more than the fair usage figure, it should refund any overpayments, with interest, but if there were any arrears after the settlement had been calculated, it should arrange an affordable repayment plan. He also recommended that Northridge Finance should remove any adverse information recorded on Mr J's credit file regarding the agreement. Northridge Finance says that it disagrees with the investigator's recommendation and has asked for this complaint to be escalated to an ombudsman.

## **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.

Mr J applied to Northridge Finance for a car to be supplied to him on credit. It said in its response to his complaint that his income was £3,500 each month, but he'd provided it with payslips which presented a different value for monthly income, so the application was based on the income details he'd provided on the online application. Northridge Finance was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr J was sustainably affordable for him before entering into the hire purchase agreement.

The amount of credit being provided to Mr J was £29,120 and I consider that reasonable and proportionate checks in these circumstances would have required Northridge Finance to

have conducted an affordability assessment based on Mr J's verified income and information about his monthly expenditure. I've seen no evidence to show that Northridge Finance properly assessed the affordability of the hire purchase agreement for Mr J, so I don't consider that the checks that it made were reasonable and proportionate.

I've looked at what Northridge Finance was likely to have discovered if it had obtained information from Mr J about his income and expenditure. Mr J has provided copies of his bank statements for December 2024 to February 2025 and the investigator used them to carry out a detailed income and expenditure assessment. Northridge Finance wasn't required to review Mr J's bank statements as it could have obtained information about his income and expenditure in other ways, but they are a useful source of information about his financial situation.

The statements show that Mr J's average monthly income was £3,093 and his average monthly expenditure was £2,625, so his monthly disposable income was £467. That's less than the monthly payment of £503.53 under the hire purchase agreement. If Northridge Finance had made reasonable and proportionate checks, I consider that those checks were likely to have shown it that a hire purchase agreement with a monthly payment of £503.53 wasn't sustainably affordable for Mr J and that it shouldn't have provided the credit to him.

The car was sold back to the dealer in May 2025 for a price of £25,500 and the hire purchase agreement was ended. As I consider that Northridge Finance shouldn't have provided the credit to Mr J, I find that it isn't fair or reasonable for it to have charged any interest under the hire purchase agreement, but Mr J did have use of the car for about three months, and I find that it's fair and reasonable that he pays for that use. The investigator recommended that a fair amount for Mr J to pay is £503.55 for each month that he had the car, which is the monthly payment under the hire purchase agreement. I agree with the investigator that the fair usage charge should be based on a monthly payment of £503.53 for three months and that Northridge Finance should take the actions described below to put things right.

I've also considered whether Northridge Finance acted unfairly or unreasonably in some other way, including whether its relationship with Mr J might have been unfair under section 140A of the Consumer Credit Act 1974. As I'm upholding Mr J's complaint for the reasons given above, I don't consider that I need to make a finding on that. I consider that the actions that I've described below result in fair compensation for Mr J in the circumstances of this complaint and I'm not persuaded that it would be fair or reasonable for me to require Northridge Finance to take any actions, other than as described below.

## **Putting things right**

I find that Northbridge Finance should calculate how much Mr J has paid it under the hire purchase agreement. If that is more than the fair usage charge of £1,510.59, it should refund the difference to Mr J, with interest on any credit balances that there would have been on the account at an annual rate of 8% simple. Northbridge Finance should also ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr J's credit file. HM Revenue & Customs requires Northbridge Finance to deduct tax from any interest to be paid to Mr J. Northbridge Finance must give Mr J a certificate showing how much tax it's deducted if he asks it for one.

If Mr J has paid less to Northridge Finance under the hire purchase agreement than the fair usage charge of £1,510.59, it should agree an affordable repayment arrangement with Mr J for the outstanding amount and, when he's cleared that balance, it should also ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr J's credit file.

## **My final decision**

My decision is that I uphold Mr J's complaint and order N.I.I.B. Group Limited, trading as Northridge Finance, to take the actions described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 May 2026.

Jarrold Hastings  
**Ombudsman**