

complaint

Mr C complains that N.I.I.B. Group Limited trading as Northridge Finance (Northridge Finance) won't allow him to transfer a hire purchase agreement into his son's name.

Mr C's son, who is the primary driver of the car, brings the complaint on behalf of his father, but for simplicity, I refer to all submissions as though made by Mr C.

background

In October 2015, Mr C acquired a car through a hire purchase agreement. He says the intention was always for his son to drive the car and to make the monthly repayments. And he says that fact was made clear to the dealership at the time he entered into the finance agreement.

As his son is the primary driver of the car, Mr C transferred the car registration/tax documents into his son's name. He now wants to transfer the finance agreement into his son's name.

Mr C has also complained to Northridge Finance about the quality of the car. He says it has been back and forth to the garage several times. He didn't want to give the car back but it seems the fact that the car is having problems adds to his frustration that Northridge won't let him transfer the car or agreement to his son's name.

Northridge Finance isn't happy with the fact Mr C has transferred the car's registration documents into his son's name. It says the application it received from the dealership for the finance was for Mr C and not his son. It says the credit checks were carried out on Mr C and not his son. Had it been aware that the benefit of the agreement was for a third party, it wouldn't have approved the loan. It says its agreement was with Mr C and it could not transfer or alter the terms of the agreement. But it says that if Mr C wants to settle the agreement (which would allow him to transfer the car to his son's name) it would reduce the final settlement figure by around £2,000.

Mr C complained to this service. He wants Northridge Finance to allow the agreement to be transferred to his son's name. And he wants the overall amount owed reduced to reflect the fact that car has had faults.

Our investigator said the issues around the quality of the car would need to be considered separately. She didn't think Northridge Finance had done anything wrong by not agreeing to transfer the agreement into Mr C's son's name. And she thought the agreement made it clear that Mr C should not have transferred the benefit of the agreement to his son in the first place.

Mr C doesn't agree with our investigator. He says it was very clear at the time he acquired the car that it was for his son and the dealership knew this. This is especially so given that he also got another car for him to drive that same day.

We asked Northridge Finance about this. It says that although Mr C had contacted it to complain about the quality of the car, he hadn't contacted it about the fact the finance agreement had been mis-sold until April 2017. It says had that been the true issue he would've raised it sooner. It says the main issue driving the complaint is problems around the validity of Mr C's son's insurance.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr C has three areas of complaint against Northridge Finance. The first relates to whether the car was of satisfactory quality at the point of sale. Our investigator has told Mr C what he needs to do in relation to that complaint so that we can look into that for him so I will not comment on that further here.

The second issue is whether Northridge Finance is acting unfairly by not transferring the finance agreement into Mr C's son's name. The third issue is whether the finance agreement was mis-sold to Mr C. As the finance provider, Northridge Finance is liable for the actions of the broker at the point of sale and so I can look at what happened when Mr C took the agreement out in this decision.

Both parties put forward an account of what they say happened at the point that the finance was agreed. I've looked at what both parties have said.

Mr C says he bought the car for his son when he passed his test. He says the dealership knew the car was in fact for his son and that he was 'fronting' the agreement. This is particularly so given he also got another car at the same time.

The dealership agreed that Mr C got another car from it through a finance agreement with another finance provider and a few days later got the car that is the subject of this complaint. It says all paperwork was completed in Mr C's name and both cars were registered to him.

The dealership says the car had been with it on numerous occasions with various faults which were repaired. More recently, it says it had been contacted by both Mr C and his son regarding a name change on the car registration documents brought about, it says, by an insurance issue. It says Mr C told it he could no longer obtain insurance for the car as he had an accident, so the insurance was obtained in his son's name, which required a transfer in the registration documents, which in turn alerted Northridge Finance to an ownership change.

It says that since that point, Mr C claims his son was always the main driver and he had simply obtained credit on his behalf as his son had a poor credit history. It says it had no record of this being the case and it wouldn't have conducted a sale in this manner. It says it hadn't mis-sold the finance agreement.

Northridge says that had the way in which the agreement been sold been a real issue for Mr C, he would've raised it sooner. But I'm not persuaded by that argument. It seems that the way in which the car was acquired only became an issue when Mr C transferred the car into his son's name.

I also note Mr C's point that he had acquired another car a few days before the car in dispute and so the fact that he was getting two cars fits with what he says - that this car was always intended for his son to use.

But while I accept that Mr C may well have discussed his son having use of the car this does not necessarily mean that the dealership knew Mr C was 'fronting' the agreement, that he would not be using the car and that it was intended for his son's sole use.

It is not unusual for people to allow other family members to have use of their car. The nature of the hire purchase agreement doesn't mean that only Mr C can drive the car. And while having his son simply as a named driver is some way from what Mr C says was discussed, ultimately, all of the paperwork surrounding this sale (which makes it clear who the true beneficiary ought to be) was in Mr C's name. In addition, I note that the direct debit mandate signed on the day the car was acquired is for Mr C's bank account and not that of his son.

Having carefully weighed up what both parties have said, I'm not persuaded the dealership was aware that Mr C was simply acquiring credit for the car and that the true benefit of the agreement would be transferred to his son. So it follows that I don't think Northridge Finance has done anything wrong here by providing Mr C with the finance to acquire this car.

Mr C wants Northridge Finance to transfer the finance agreement into his son's name. But Northridge Finance's agreement is with Mr C and not his son. So I can't direct Northridge Finance to transfer the agreement into his son's name.

Equally, I don't think Northridge Finance is acting unreasonably when it says that Mr C is in breach of the agreement and that the car registration/tax documents need to be transferred back to Mr C. Mr C has breached the terms of the agreement and Northridge Finance has in fact shown forbearance in not acting on that breach before now.

Northridge Finance has indicated to this service that if Mr C's son transfers the car registration/tax documents back into his father's name (I assume within a reasonable period of time) then it won't take any further action on the breach. That is a matter for Mr C and his son to consider.

But having looked at all that has gone on here, I don't think that Northridge Finance has acted unfairly or unreasonably.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 October 2017.

Siobhan Kelly
ombudsman