

The complaint

Mr F is unhappy that a car supplied to him under a hire purchase agreement with N.I.I.B. Group Limited trading as Northridge Finance ('Northridge') was of an unsatisfactory quality.

What happened

On 18 November 2022, Mr F was supplied with a used car through a hire purchase agreement with Northridge. The agreement was for £50,790 over 48 months; with 47 monthly payments of £846.75 and a final payment of £25,750. At the time of supply, the car was almost three years old, and had done 27,045 miles.

The supplying dealership advised Mr F there was an issue with the seatbelt restraint system, and that this would be repaired before Mr F took possession of the car. An invoice dated 11 November 2022 confirms this work had been completed under warranty, and also confirms the 27,045 miles supply mileage.

Mr F says the fault with the car persisted and it went back for repair on three occasions. However, he's only provided evidence of a repair that took place on 8 March 2023. Shortly after this repair, the fault with the car reoccurred. On 29 March 2023, Mr F complained to Northridge, asking to reject the car. He also stopped using the car.

Northridge didn't respond to Mr F's complaint, but the dealership offered to buy the car back at a reduced value, due to the mileage that'd been done. Mr F wasn't happy with this, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was a current fault with the car relating to the restraint system, and it wasn't disputed that there had been two attempted repairs for a restraint system fault. Given this, she said that the car wasn't of a satisfactory quality and Mr F should now be allowed to reject it.

So, the investigator said that Northridge should end the agreement, collect the car, refund all payments Mr F had made since 29 March 2023 (when he stopped using the car), and pay him an additional £100 for the distress and inconvenience he'd been caused.

Northridge said that the dealership had offered to buy back the car, but the customer refused to provide any up to date mileage. They also said they believed Mr F was still using the car.

Because Northridge didn't agree, this matter has been passed to me to make a final decision.

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. Mr F 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.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Northridge are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Northridge can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr F to show it was present when the car was supplied.

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

I've seen a copy of the warranty invoice dated 17 November 2022, for the work done on the car on 11 November 2022. While this doesn't say what the fault with the car was, it does clearly detail the work that was done to repair it. However, it's not disputed that the fault was with the car's safety restraint systems. And, as I've already said above, this invoice also confirms the car's mileage to be 27,045 miles.

I've also seen a copy of a warranty invoice dated 11 March 2023, for work done on the car on 8 March 2023. At the time of this work, the car had done 31,617 miles. Whilst this invoice also doesn't detail what was wrong with the car, it's also not disputed that it was for work on the safety restraint system. And I've noted that the exact same work was carried out on the car – the replacement of a coil spring unit – as was done in November 2022.

Mr F has provided evidence of a dashboard warning for a restraint system fault on 22 October 2023.

As the work done on the car in November 2022 was the same as the work done on the car in March 2023, and as the car was supplied to Mr F after the work done in November 2022, I'm satisfied that the fault repaired in March 2023 was present or developing on the car at the point of supply. I'm also satisfied that the evidence Mr F has provided shows the car still has the same fault. What's more, as the fault relates to the safety restraint system, I'm satisfied this would make the car of an unsatisfactory quality.

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 i.e., it's not a single chance of repair for the dealership AND a single chance of repair for Northridge – 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 also clear that, if the single chance at repair fails, as was the case here, then Mr F has the right of rejection. As Mr F doesn't want any further repairs to the car, I'm satisfied that, given the circumstances, he should now be allowed to reject the car.

Putting things right

Mr F has said that, when the fault reoccurred on 29 March 2023, as it related to the safety systems, he stopped using the car. And it's not disputed that he hasn't been provided with a courtesy car. While I haven't seen any evidence of the date Mr F stopped using the car, publicly available records show that the road tax expired on 1 May 2023, and the MOT expired on 2 November 2023. Mr F has also provided photographic evidence of the mileage on the car on both 24 September 2023 and 3 January 2024 – both of which show the mileage to be 33,048 miles.

Mr F was supplied with the car on 18 November 2022, at 27,045 miles, and the mileage on the car was 31,617 on 8 March 2023. Given this, I don't think it unreasonable that he would've covered 33,048 miles by the end of March 2023.

As such, based on what I've seen, I'm satisfied it's more likely than not that Mr F stopped using the car at the end of March 2023, and the mileage record shows he is no longer using the car. So, he's been paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Northridge failed to keep Mr F mobile; I'm satisfied they should refund any payments he made from April 2023 onwards.

It's also clear that Mr F has been inconvenienced by what's happened. So, I think Northridge should compensate him for this. The investigator had recommended Northridge pay him £100, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, Northridge should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mr F;
- remove any adverse entries relating to this agreement from Mr F's credit file;
- refund any payments Mr F has paid from April 2023 onwards;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr F made the payment to the date of the refund[†]; and
- pay Mr F an additional £100 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

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

My final decision

For the reasons explained, I uphold Mr F'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 Mr F to accept or reject my decision before 6 February 2024.

Andrew Burford
Ombudsman