

The complaint

Miss S complains about the quality of a car she acquired through a hire purchase agreement financed by N.I.I.B Group Limited trading as Northridge Finance (Northridge).

What happened

In March 2023 Miss S acquired a used car through a hire purchase agreement financed by Northridge.

In early June 2023 Miss S noted a warning light on the dashboard and a whirring noise from the car and returned it to the dealership for repairs.

The dealership replaced a fuel pump and contacted Miss S to say they thought fuel contamination might have been the cause of the fault. They said if this were the case, Miss S would be responsible for the cost of the repairs. But if the fault was a result of mechanical failure this would be covered under warranty. They said they needed to test the fuel from the pump and suggested a specialist to carry this out.

Miss S wasn't happy with the process for testing the fuel and said that the dealership had been the last to fuel the car, and she was concerned that she'd be asked to pay for repairs. So, she collected the car.

Miss S complained to the dealership in late June 2023 and said she wanted to reject the car. The dealership responded to Miss S to say they hadn't had an opportunity to complete repairs, as Miss S had collected her car, and so they wouldn't consider a rejection.

Miss S complained to Northridge and asked to reject the car. Northridge sent Miss S their final response to her complaint in September 2023. They said the dealership hadn't been given an opportunity to repair the car and so they couldn't proceed with her request to reject it. They said Miss S could sell the vehicle and gave her a preferential settlement figure but closed her complaint when she didn't respond to this.

Unhappy with this, Miss S brought her complaint to this service. She said she'd had problems with the car within two months of acquiring it and wanted to reject it.

In November 2023 Miss S took the car to a third-party garage, and repairs were completed which Miss S paid £933.96 for. The mechanic said that the car was in limp mode when revving with a fault code for low fuel pressure. They said the low-pressure fuel pump and various sensors had been replaced previously. The high-pressure fuel pump couldn't build any more pressure. They removed the high-pressure fuel pump and inspected inside, finding the spring wash broken and lodged in the outlet reducing the fuel flow. They replaced the high-pressure fuel pump.

Miss S said as the car was repaired, she no longer wished to reject it, but she'd like to be refunded for the cost of the repairs and compensated for the time she was without the car.

Our investigator gave his view that he thought the car was of unsatisfactory quality at the time it was supplied to Miss S, and he was persuaded that there had been an opportunity to repair it, but this had failed. So, he thought Miss S was entitled to her final right to reject the car. But, as repairs had been completed and Miss S wanted to keep the car, he thought it was fair that Northridge refund Miss S £933.96 for the repairs plus interest. He also said Northridge should refund one monthly payment to Miss S to recognise the time she was without the car, plus interest, and pay her £150 to recognise the distress and inconvenience caused.

Miss S accepted our investigators view, but Northridge didn't reply. So, the case has been passed to me for a 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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Northridge as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the “quality of the goods is satisfactory”

To be considered “satisfactory” the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here, the car was acquired used with a cash price of around £14,000. It was around four years old and had travelled approximately 24,000 miles at the time of supply. With this in mind, I think it's reasonable to say that the expectation of quality is lower than that of a new car. The price for the vehicle is lower, and this is reflective of the fact that the car is more road worn. The chance of encountering an issue sooner, is higher.

I've seen evidence that the fault with Miss S's car was a result of a broken spring, which had lodged in the outlet reducing fuel flow, and requiring the fuel pump to be changed.

Considering the age and mileage of the car, I don't think a reasonable person would expect to need to replace the fuel pump due to a broken spring at this stage, and so on the balance of probabilities, I'm persuaded that the car was not reasonably durable, and therefore was not of satisfactory quality at the time of supply.

Putting things right

Having made that finding, I need to decide what, if anything, Northridge should do to put things right.

The Consumer Rights Act sets out the remedies available where goods are considered not to be of satisfactory quality and one of the remedies is to allow an opportunity to repair the

goods. That repair should be done in a reasonable time, and without significant inconvenience to the consumer.

Northridge say that opportunity wasn't given. Miss S said she did provide an opportunity for the dealership to repair the fault.

I've seen the communication between the dealership and Miss S. The dealership agreed to look at the car as soon as Miss S notified them of the fault, and they completed some repairs, replacing the low-pressure fuel pump. However, this didn't resolve the issue, and they suspected that fuel contamination might have been the cause of the fault. They told Miss S she'd be responsible for the cost of repairs if this was the case.

Miss S had concerns around the required tests and the possibility that she'd have to pay for repairs, and I don't think it was unreasonable for her to collect her car and seek a second option at this stage.

I'm persuaded, based on the evidence, that Northridge did have an opportunity to repair the car, that these repairs failed, and that it was reasonable for Miss S to collect her car when she did.

All things considered; I think Miss S is entitled to her final right to reject the car. However, Miss S has paid for repairs to be completed at a third-party garage. Those repairs have returned the vehicle to a satisfactory condition and Miss S now wants to keep it and maintain the agreement with Northridge.

I think this is reasonable in the circumstances, and as Miss S had had to pay for repairs as a result of the car being of unsatisfactory quality at the time it was supplied, Northridge should refund Miss S £933.96 for these repairs, plus 8% simple yearly interest from the date of payment to the date of settlement.

Miss S said she'd been without the car for some time as she was told not to drive it, and she had to borrow cars in order to keep mobile. I can see that Miss S was without the use of the car whilst diagnostic tests and repairs were undertaken on two occasions. Northridge should refund Miss S her July 2023 payment to reflect this loss of use of the car, plus 8% simple yearly interest from the date of payment to the date of settlement.

Miss S has been put to distress and inconvenience in being supplied with a car that wasn't of satisfactory quality. She's had to spend time taking the vehicle to be diagnosed and repaired has expressed her concern at being without a vehicle. Our investigator recommended that Northridge pay Miss S £150 compensation to reflect this. All things considered, I think £150 fairly reflects the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint, and N.I.I.B Group Limited trading as Northridge Finance must:

- Refund Miss S £933.96 for the cost of repairing the vehicle, plus 8% simple yearly interest from the date of payment to the date of settlement.
- Refund Miss S her July 2023 monthly payment of £285.73 to reflect the loss of use of the car, plus 8% simple yearly interest from the date of payment to the date of settlement.
- Pay Miss S £150 compensation to reflect the distress and inconvenience caused

If Northridge considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss S how much it's taken off. It should also give Miss S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 24 April 2024.

Zoe Merriman
Ombudsman