

The complaint

Mr W complains about the way that BMW Financial Services (GB) Limited, trading as Alphera Financial Services, has dealt with his payments for a car that was supplied to him under a hire purchase agreement. His wife is also involved in his complaint.

What happened

A used car was supplied to Mr W under a hire purchase agreement with Alphera Financial Services that he signed in October 2017. Mr W made an additional payment of £1,000 in June 2018 but then asked for it to be refunded to him. Alphera Financial Services provided him with incorrect information about the refund and made some administrative errors which meant that the payment couldn't be refunded to him, the agreement needed to be reworked and the original agreement being marked as settled.

It offered to pay compensation of £100 to Mr W in July 2018 because he'd been given incorrect information about the refund and Alphera Financial Services' records show that a cheque for £100 was sent to Mr W. In August 2018 it also offered to refund two monthly payments (a total of £892.26) to him and it's my understanding that that amount wasn't paid to Mr W and that he stopped making the monthly payments under the agreement.

Mr W didn't sign the reworked agreement under which the monthly payment was reduced from £446.13 to £415.63 and he cancelled his direct debit. There was then a dispute about the amount that Mr W owed under the agreement so Mr W hasn't made any further payments for the car. Alphera Financial Services has provided inconsistent information about the outstanding amount and there was also a significant delay in an account statement being provided to Mr W.

Mr W complained to Alphera Financial Services but wasn't satisfied with its response so complained to this service. Our investigator recommended that this complaint should be upheld in part. He said that Alphera Financial Services should remove any adverse information from Mr W's credit file, that it should pay him the compensation that it had offered to him (if it hadn't already done so) and that it should allow him to pay the outstanding balance of his account at a rate of £415.63.

Mr W's wife, on his behalf, has asked for this complaint to be considered by an ombudsman. She says, in summary, that:

- Mr W didn't agree to the reworked agreement and can't make payments towards a contract he does not have;
- the original agreement has been recorded as settled;
- Alphera Financial Services is incapable of calculating an accurate balance and is trying to force Mr W into paying at least £1,600 too much; and
- Mr W should be compensated for the time that they've spent in pursuing an accurate balance.

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.

Although there were issues with the agreement in June 2018 which caused it to be reworked and recorded on Mr W's credit file as settled, I've seen no other evidence to show that the agreement was ended or that Mr W either paid for the car or returned it to Alphera Financial Services. Mr W still has the car but isn't making payments for it and I don't consider that to be fair or reasonable. I consider that it's fair and reasonable for Alphera Financial Services and Mr W to continue with the original agreement but with a reduced monthly payment of £415.63 and that Mr W should recommence monthly payments of that amount to it.

Alphera Financial Services accepted in July 2018 that it had given incorrect information to Mr W about the refund of his additional payment of £1,000 and it offered to pay him £100 compensation – Mr W returned the acceptance form for that payment and Alphera Financial Services' records show that a cheque for £100 was sent to him. If that didn't happen or if Mr W didn't cash the cheque, I consider that it would be fair and reasonable for Alphera Financial Services to pay him that £100 compensation.

It then offered to refund two monthly payments (a total of £892.26) to him because of the distress and inconvenience that he'd been caused. It's my understanding that that amount wasn't paid to Mr W so, if it hasn't been paid to him, I consider that it would be fair and reasonable for Alphera Financial Services to pay him £892.26.

Mr W then cancelled his direct debit so the monthly payments required under the reworked agreement weren't collected from him. That resulted in adverse information being recorded on his credit file and our investigator has recommended that Alphera Financial Services should remove that information because of its poor communication and errors. I consider that to be fair and reasonable because Alphera Financial Services' errors have caused, or at least contributed to, the issues with his account.

There has been an on-going dispute about the outstanding amount that Mr W owes under the agreement and Alphera Financial Services has provided inconsistent information about the outstanding amount but it's provided an account statement dated August 2020 which shows the transactions on the account and an outstanding balance of £6,759.83. I'm not persuaded that there's enough evidence to show that the account statement isn't true and accurate or that it overstates the amount that is due from Mr W.

Our investigator recommended that Alphera Financial Services should allow Mr W to pay the outstanding balance of his account at a rate of £415.63 each month. I consider that to be fair and reasonable – but on that basis, the payments will continue for many months after the agreement has been ended. If he can afford to do so, it may be beneficial to Mr W to pay more than that each month so that the arrears are cleared more quickly – but that is an issue for him.

There have clearly been some failings by Alphera Financial Services in connection with Mr W's account – and those failings will have caused him distress and inconvenience. It's paid him £100 compensation and has offered to pay him a further £892.26 as compensation. I consider a total of £992.26 to be fair and reasonable compensation for the distress and inconvenience that Mr W has been caused so I find that it wouldn't be fair or reasonable for me to require it to increase the total amount of compensation that is payable to him.

Putting things right

I find that it would be fair and reasonable for Alphera Financial Services to take the actions set out above but I'm not persuaded that it would be fair or reasonable for me to require it to

pay Mr W a higher amount of compensation than it has already offered to him or to take any other actions in response to this complaint.

My final decision

My decision is that I uphold Mr W's complaint in part and I order BMW Financial Services (GB) Limited, trading as Alpheria Financial Services, to:

1. Pay to Mr W the compensation of £892.26 that it offered to him (if it hasn't already done so) and also the £100 that it paid to him by cheque in July 2018 (if it hasn't already done so or that cheque hasn't been cashed).
2. Remove any adverse information about the hire purchase agreement that it's recorded on Mr W's credit file.
3. Allow Mr W to continue to pay £415.63 each month until he has repaid the arrears on his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 January 2021.

Jarrold Hastings
Ombudsman