

The complaint

Mr S complains that BMW Financial Services (GB) Limited, trading as Alphera Financial Services, recorded negative information on his credit file, and also complains about related issues.

What happened

In August 2017, Mr S entered into a four-year regulated hire agreement with Alphera in relation to a new car. The car had a cash price of £16,559. He was to make 47 monthly payments of £220.93.

During the covid-19 pandemic, Mr S took two three-month payment breaks on the agreement. This extended the agreement to March 2022. As the end of the agreement approached, in late 2021 Mr S began looking for a new car, but he found that it was difficult to get good interest rates; he says this turned out to be because Alphera had reported the payment holiday on his credit file as missed payments.

Mr S tried to raise this with Alphera, but he found it difficult to communicate with them. He spent lots of time on hold, he had to keep explaining the problem to different people, and promises to call him back were not kept. The issue was not resolved until February 2022. Meanwhile, Mr S tried to extend his hire agreement again, but this also proved to be difficult, requiring numerous calls and emails. Eventually, he ended up with a new car that he says is now costing him more each month than would have been the case but for Alphera's actions.

Mr S says that at the end of his hire agreement, further charges were added for damage. Although he disputed these charges,¹ he nevertheless agreed a payment plan for them, but Alphera still added another missed payment marker even though he made his payments on time. He says this made him feel as though Alphera were trying to use his credit file as leverage to force him to pay them.

Mr S complained to Alphera, who did not uphold his complaint but offered him £100 as a gesture of good will. Mr S then complained to our service. Our investigator did not uphold this complaint. He agreed that Alphera had wrongly recorded a default marker on Mr S's credit file, but he said that as Alphera had removed it as soon as it was brought to their attention, they had done enough to resolve that issue. He said there was no evidence that this had prevented Mr S from getting a better deal with his new car. Nor had he seen any evidence showing whether Mr S had made his payments on time or not, so he was unable to say that Alphera should not have recorded any missed payment markers. Finally, he did not agree that Alphera had harassed or threatened Mr S, when all it had done was provide him with information about his account.

Mr S did not accept that decision. He emphasized that it had taken a long time, and several phone calls, to get Alphera to remove the adverse marker. He said he had provided evidence that the replacement car had increased in price over time; he attributed this to his credit file, and said that his credit score had previously been excellent. It would be

¹ This issue was dealt with by our service as a separate complaint. Alphera agreed to refund £192.

reasonable to infer that adverse data on a credit file would make it harder to obtain credit at a favourable rate. Mr S also pointed out that a notice of sums in arrears he had received from Alphera showed that Alphera had erroneously added £192 to his account balance, instead of deducting it, following his successful complaint about Alphera's damage charges.

Mr S asked for an ombudsman's 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.

I have seen evidence that on 20 November 2021, Alphera agreed to remove an adverse marker from Mr S's credit file. Alphera's internal notes say that this came about because Mr S's second payment deferral, from November 2020 to January 2021, had not been set up properly on its systems, resulting in missed payments being wrongly recorded for those three months. That obviously should not have happened.

I've also seen another email, dated 12 November 2021 (eight days before that issue was resolved), in which Alphera told Mr S that he had to return the car in December 2021, rather than the correct date of March 2022; that appears to have caused Mr S some worry. Alphera's notes also indicate that Mr S was kept on hold for 20 minutes in September 2021, and that when Alphera tried to call him back (as promised) on three occasions, his phone was engaged each time. That last matter is not Alphera's fault, of course, but overall I agree that there does seem to have been some poor customer service in late 2021.

Leaving aside for a moment the question of what impact was caused by the incorrect information appearing on Mr S's credit file (to which I shall come back in a moment), I think that Alphera's offer of £100 is fair compensation for these matters (notwithstanding that it has been described as a gesture of good will).

Mr S has provided quotes from third parties, dated February 2022, showing that the monthly payments quoted for a similar car were higher than what he had been paying. While he had been paying £221 a month under his 2017 agreement, the 2022 quotes he found cite £285 a month (which is 29% more²) and £337 a month. Mr S asks me to infer that this was because of the incorrect information on his credit file. However, I do not accept that, for the following reasons.

Firstly, the credit file provided by Mr S is incomplete, so I can't know that there was no other adverse data reported there. (He has 17 active accounts, but I only have details of two of them.) However, even if I assume that this is the only negative information on there, there are a couple of other difficulties. While Mr S has done his best to find quotes for a similar car, the cars he found quotes for are not identical to the one he had from 2017 to 2022; they are hybrid electric vehicles, which the original car was not. It isn't clear how much difference that might make to the cost of hiring them. Next, the prices quoted were four and a half years later than Mr S's 2017 hire agreement, so a combination of inflation and changes in market prices over time might account for the difference. Finally, the 2022 quotes were for three year agreements, while the 2017 agreement was for four years; this might also affect the price. So because of these four variables, I don't think it would be safe or reasonable to conclude that the price difference was necessarily the result of what was reported on Mr S's credit file (especially since his credit file overall is good). Alternative inferences could reasonably be drawn.

² Inflation would account for an increase of 17.6%; see <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

There was another error by Alphera: on 30 January 2023, after Alphera had agreed to refund a damage charge of £192:30, it accidentally added that charge to Mr S's balance instead of deducting it. Alphera remedied that error 22 days later, by refunding it twice. Mr S was understandably concerned about the potential impact of that on his mortgage application. But at the time, his account was in arrears, both before that error was made and after it was put right. I've seen a letter from Alphera to Mr S about his arrears, on 18 October 2022. It says his arrears were £682, and that he should clear those arrears by paying £67:07 on the first day of each month. I've seen evidence that Mr S did make these payments each month, but not on the first day of each month. And a notice of sums in arrears, dated 24 February 2023, sets out how the arrears had been calculated, taking into account the error with the £192 refund and how that had been put right, and showing the monthly payments of £62:07 (and the dates on which each was paid). The arrears had been reduced to £292:23. So I am satisfied that there were indeed arrears which fell to be reported on Mr S's credit file. For that reason, I doubt that the accidental debit of £192:30 would have made much (if any) difference to his credit rating. So the impact of Alphera's error would have been low.

For these reasons, I think that Alphera's offer of £100 was a fair way to resolve this complaint.

Finally, Mr S's allegation that Alphera used his credit file as leverage to force him to pay them has already been dealt with in his other complaint, so I have not reconsidered it here.

My final decision

My decision is that I do not uphold this complaint.

I leave it to Mr S to decide whether he now wishes to accept BMW Financial Services (GB) Limited's offer of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 June 2024.

Richard Wood
Ombudsman