

## The complaint

Mr K complains that BMW Financial Services(GB) (t/a ALPHERA Financial Services) ("BMW") didn't correctly manage his payments and this adversely affected the settlement of the account.

## What happened

Mr K entered into a hire purchase agreement in April 2019 for a term of 60 months. The cash price of the car was £14,174, and, after taking account of his advanced payment of £1,367.50, the remaining balance of £12,806.50 was to be repaid over the term of the agreement. The monthly payments were £257.39, which meant the total repayable over the 60-month term of the agreement was £16,810.90.

Mr K told us:

- During the pandemic he took advantage of some payment holidays in 2021 and deferred four monthly payments;
- when he was back at work and in a position to repay the deferred payments, he contacted BMW to acquire the bank details before making the additional payments;
- BMW returned one of these payments, so he requested a settlement figure so that he could repay the balance and close the account;
- he believes he's paid more under the finance agreement than he should've done, and he wants any overpayment refunded to him along with some compensation for the stress and anxiety this has caused.

BMW didn't uphold this complaint. It said because the agreement had been drawing to close, it had reviewed the account and refunded the overpayment; it believed Mr K had made a mistake and it thought it best to refund his money to him. It did say it would provide feedback to the relevant managers, but it was happy that the final balance had been paid and the account closed.

BMW told this Service that although it returned the payment in question to Mr K, it went on to collect the final payment as planned and closed the account. It said Mr K needed to contact it when making additional, ad-hoc payments in accordance with its terms and conditions. And because he'd not done this, it had not known what the *random* payment was for and had refunded it to him in accordance with its process.

Our investigator looked at this complaint and said she didn't think it should be upheld. She said she'd reviewed the credit agreement and looked at the section that sets out what Mr K needed to do if he wanted to repay all or part of the credit early. And she concluded that, because Mr K had not given BMW notice of *each* additional payment he intended to make, BMW had not acted unfairly in the way it administered his account.

Mr K disagrees so the complaint comes to me to decide. He says he contacted BMW about making payments to reduce the loan amount and it provided him with the bank details he'd need.

## 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 considered all the evidence and testimony from both Mr K and BMW afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

Mr K was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it. In entering into this agreement, Mr K agreed to its terms and conditions, and the agreement was the way in which Mr K financed his acquisition of the car.

The credit agreement sets out clearly the monthly payments that Mr K needs to make over the 60-month term of the agreement. It explains how much interest he'll be charged, and how much he'll repay in total over the full term.

I've looked very carefully at the three documents I've had sight of; the credit agreement; the statement of account; and the settlement figure and, having done so, I can't see that BMW has done anything wrong, or that Mr K has been disadvantaged in the way he believes.

The credit agreement is clear. The section on early repayment states:

### *"Early Repayment*

*You have the right to repay all or part of the credit early at any time:*

- (a) You must give us notice by writing to us at ALPHERA Financial Services, Customer Services Department, Phoenix One, 59-63 Farnham Road, Slough SL1 3TN, or by email to us at [customer.services@alpherafs.co.uk](mailto:customer.services@alpherafs.co.uk), or by telephone to us on 0370 5050 125;*
- (b) You must make your payment to ALPHERA Financial Services at the above address. You can pay by BACS/CHAPS or by cheque. Please make sure you put your registration number on the payment as a reference."*

So, it's clear what Mr K needed to do if he wished to make an additional payment over and above what was expected under the terms of the hire purchase agreement. And I can see that Mr K signed this agreement to confirm he had read the terms and conditions and agreed to be bound by them.

Next, I've looked at Mr K's statement of account, and I can't see anything untoward here. The statement shows all the monthly charges levied by BMW; the monthly payments made by Mr K via direct debit; and the gap in his payments when he took a four-month payment deferral in 2021. I can see that BMW's system automatically charged an ad-hoc charge of £6.50 following the agreed payment holiday, but that each of these was reversed with a corresponding credit.

I've noted that Mr K made three extra payments; £400 on 7 July which reduced the 'arrears' by the same amount; a further payment of £400 on 24 October, which had the same effect; and a further payment of £300 on 23 November which repaid in full the deferred payments agreed in 2021, and actually placed the account in the position of having a credit balance.

I've seen no evidence that Mr K contacted BMW *every* time he wanted to make an extra payment as he was obliged to under the agreement's terms and conditions, so it wasn't wrong for BMW to refund to him the credit balance of £258.94 on 22 January 2024 to bring his account up to date; BMW simply wasn't expecting the account to be in credit as Mr K hadn't notified it of his intentions.

A short time later, Mr K sought a settlement figure, and I can see that the account was settled and closed.

Taking everything into account, I can't see that BMW has done anything wrong, or that Mr K has been disadvantaged in the way he believes.

I know that Mr K will be disappointed with the outcome of his complaint, but I hope that he understands the reasons why I've reached the conclusions that I have.

### **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 K to accept or reject my decision before 27 March 2025.

Andrew Macnamara  
**Ombudsman**