

The complaint

Mr B complains that BMW Financial Services(GB) Limited trading as ALPHERA Financial Services ("BMWFS") charged him for excess mileage when he exercised his right to voluntary termination to end his car finance agreement.

What happened

I sent Mr B and BMWFS my provisional findings on this complaint on 7 October 2024. A copy of that decision is attached and forms part of this final decision.

I explained why I thought it was fair for BMWFS to charge the excess mileage charges it had and also why I thought it should reduce some of the damage charges it had applied. I asked both parties to let me know if they had anything to add.

Mr B agreed and said he was pleased with most of the decision. However, he said the adverse information reported to his credit file was primarily caused by the delays of BMWFS in bringing this matter to a close. He said since he had referred a complaint to this service, he had made a further payment of £280.08 to BMWFS and he wanted to ensure this amount was deducted from the final figure outlined in the decision. He said he would be happy to pay the remaining balance in full but asked that the adverse information be removed.

BMWFS also responded. Our investigator had previously asked it whether it would be prepared to remove the adverse information from Mr B's credit file. However, this service didn't receive a response by the deadline provided. Following the provisional decision being issued, BMWFS said it would be happy to remove the adverse information from Mr B's credit file as long as he paid the outstanding amount within 14 days. It also said it accepted the provisional 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.

Following the provisional decision being sent, this service contacted Mr B and let him know that BMWFS said it would remove the adverse information it reported to any credit reference agencies, if Mr B made a payment to it within 14 days. Mr B said he was happy with this. I think this is a fair offer from BMWFS in an effort to resolve this complaint.

Both parties have accepted the provisional decision. BMWFS has offered to remove any adverse information it reported to credit reference agencies as long as Mr B pays the outstanding balance within 14 days. As Mr B is happy with this, I consider that this complaint has been resolved.

BMWFS should also deduct any further amounts Mr B has paid towards his outstanding balance since the complaint was referred to this service.

If Mr B does not make the payment within 14 days of the date of this decision, then I consider that the finding in my provisional decision around how BMWFS should report to any credit reference agencies will stand.

My final decision

My final decision is that BMW Financial Services(GB) Limited trading as ALPHERA Financial Services ("BMWFS") should do the following to put things right:

- Charge Mr B £754.65 for the excess mileage charges;
- Reduce the outstanding charge for damages down to £139;
- Deduct any further payments Mr B has paid towards his balance from the amounts above since the complaint was referred to this service; and
- Remove any adverse information reported to the credit reference agencies if Mr B pays the outstanding balance owed towards his account within 14 days of the date of this decision. If Mr B doesn't pay the amount within 14 days of the date of this decision, BMWFS should update the information reported to any credit reference agencies about this hire purchase agreement to reflect the reduced outstanding amount.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 November 2024.

Provisional decision

I've considered the relevant information about this complaint.

Having done so, I initially intend to reach a different outcome to that of the investigator.

I'll look at any more comments and evidence that I get by 21 October 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr B complains that BMW Financial Services(GB) Limited trading as ALPHERA Financial Services ("BMWFS") charged him for excess mileage when he exercised his right to voluntary termination to end his car finance agreement.

What happened

In January 2021, Mr B entered into a hire purchase agreement with BMWFS to acquire a used car. The cash price of the car was £23,159.37 and the total repayable under the agreement was £29,042.77. Mr B was required to make 48 monthly payments of £399.93 (after factoring in the initial deposit and purchase activation fee) and there was a final optional payment of £9,846.13 if he wished to buy the car at the end of the agreement.

The agreement entitled Mr B to terminate the agreement at any time before the final payment was due. If Mr B exercised this option, the agreement set out that BMWFS would be entitled to the return of the car and at least half of the total repayable under the agreement. This was £14,521.39.

As part of the agreement, Mr B had an annual mileage allowance of 6,000. BMWFS said that if Mr B exceeded this allowance, he would be required to pay 5.63 pence (including VAT) for every mile that he exceeded the allowance by.

In February 2024, Mr B exercised his right under section 99 of the Consumer Credit Act 1974 to voluntarily terminate the agreement with BMWFS. Mr B discussed the voluntary termination over the phone with BMWFS and it asked him to send in a written confirmation. Mr B did this the following day. BMWFS sent Mr B a letter explaining that a payment of

£123.91 was due. It also sent him a pack noting the possibility of an excess mileage charge being payable if the mileage allowance had been exceeded. Mr B proceeded with the termination and returned the car to BMWFS. Subsequently, the car was collected by BMWFS' recovery agents – who I'll refer to as "M".

An inspection was carried out at Mr B's property by M. It said the following damage was outside of fair wear and tear:

1. Left hand front alloy wheel – scratched - £33
2. Left hand rear alloy wheel – scratched - £33
3. Right hand rear alloy wheel – scratched - £33
4. Left hand rear door – scratched - £106 (reduced to £16)
5. Left hand rear quarter panel – scratched – £106
6. Rear bumper – dented - £119.86
7. Right hand rear quarter panel – scratched - £106
8. Right hand front door - £106

BMWFS said Mr B would only have to pay damage charges totalling £241.86. It said it had waived the charges for the right hand rear alloy wheel, the right hand quarter panel and the right hand front door. It also reduced the charge for the left hand rear door from £106 to £16.

BMWFS noted that when the car was handed back, the mileage was 75,044. It said Mr B had the car for 37 months and so, he had a pro-rated mileage allowance of 18,500. It said because Mr B had travelled 31,904 miles in the 37 months he had the car, he had exceeded his mileage allowance by 13,404 miles. BMWFS charged Mr B £754.65 as he had exceeded the mileage allowance on the agreement. This was in addition to half of the total repayable under the agreement and the damage charges identified by B.

In March 2024, BMWFS wrote to Mr B confirming that as he had exceeded the mileage allowance by 13,404 miles, he was required to pay an excess mileage charge of £754.65. BMWFS also let Mr B know he owed it £241.86 for damages that were outside fair wear and tear.

Mr B disagreed that the excess mileage or damage charges are due. He said the damage was already present when he was supplied the car and he doesn't understand how the excess mileage impacts the value of the car or how he was being charged. Mr B said he couldn't afford the car and this is why he returned it. He said it was unfair for BMWFS to charge him in excess of £1,000 for the hidden charges.

BMW issued its response to Mr B's complaint in April 2024. It said that the excess mileage charge occurred prior to termination of the agreement and therefore Mr B remained liable for this charge. It said it wouldn't be reasonable for it to absorb the loss of value that the extra mileage had and by exceeding the mileage, Mr B hadn't kept the car in a reasonable condition. It said it had applied the charges for damage to the car fairly.

Unhappy with this, Mr B referred a complaint to this service. He reiterated his complaint and said to put things right, he wanted BMWFS to remove the charges or to review them with a settlement.

Our investigator looked into the complaint but thought the charges for the excess mileage had been applied fairly. He said the charges accrued before the agreement was terminated. However, he said he didn't agree that most of the charges for the damage should be applied given the age and mileage of the car when it was supplied and when it was returned. So he said the only charge that should remain for the damage is £16 for the left hand rear door.

Mr B agreed. BMWFS responded and said that Mr B was obliged to return the car in the condition it was supplied in. It said it had already reduced some charges and was only charging Mr B £241.86.

As BMWFS hasn't responded, the complaint has been referred to me to decide.

What I've provisionally 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 this complaint, I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. I've set out the relevant considerations below. Mr B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

I've read and considered the whole file and acknowledge that Mr B has raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to do this.

Considerations under the Consumer Credit Act 1974 (“CCA”)

Having looked at Mr B's hire purchase agreement, I can see that page one of the agreement states that an excess mileage charge will be charged, if Mr B exceeds the agreed amount of mileage.

I've considered Sections 99 and 100 of the CCA. These set out the rights consumers have to voluntarily terminate their hire purchase agreements and the liability that is due on termination. I consider these relevant to determine what is fair and reasonable here.

Section 99 of the CCA refers to a consumer's right to terminate a hire purchase or conditional sale agreement by giving notice. It states:

“99 Right to terminate hire-purchase etc. agreements.

- (1) At any time before the final payment by the debtor under a regulated hire-purchase or regulated conditional sale agreement falls due, the debtor shall be entitled to terminate the agreement by giving notice to any person entitled or authorised to receive the sums payable under the agreement.*
- (2) Termination of an agreement under subsection (1) does not affect any liability under the agreement which has accrued before the termination...”*

Section 100 of the CCA sets out the consumer's liability on termination:

“100 Liability of debtor on termination of hire-purchase etc. agreement.

- (1) Where a regulated hire-purchase or regulated conditional sale agreement is terminated under section 99 the debtor shall be liable, unless the agreement provides for a smaller payment, or does not provide for any payment, to pay to the creditor the amount (if any) by which one-half of the total price exceeds the aggregate of the sums paid and the sums due in respect of the total price immediately before the termination...*
- (2) If in any action the court is satisfied that a sum less than the amount specified in subsection (1) would be equal to the loss sustained by the creditor in consequence of the termination of the agreement by the debtor, the court may make an order for the payment of that sum in lieu of the amount specified in subsection (1).*
- (3) If the debtor has contravened an obligation to take reasonable care of the goods or*

land, the amount arrived at under subsection (1) shall be increased by the sum required to recompense the creditor for that contravention..."

"173 Contracting-out forbidden.

Section 189 of the CCA provides definitions of words and terms used in the CCA. "Total price" is defined as:

"total price" means the total sum payable by the debtor under a hire-purchase agreement or a conditional sale agreement, including any sum payable on the exercise of an option to purchase, but excluding any sum payable as a penalty or as compensation or damages for a breach of the agreement..."

The Consumer Credit (Agreements) Regulations

Section 60 of the CCA 1974 empowers the Treasury to make regulations as to the form and content of documents embodying regulated agreements, including regulations to ensure that the debtor is made aware of the rights and duties conferred or imposed on them by the agreement and of the protection and remedies under the CCA.

Accordingly, the Treasury made the Consumer Credit (Agreements) Regulations 2010 (the Regulations). The Regulations include the following requirements:

- Under Regulation 3(1) and Schedule 1, that the regulated agreement contains a statement explaining (1) how and when the debtor can terminate the agreement under section 99 CCA; and (2) the debtor's maximum liability under section 100 ("the Explanatory Information"); and
- Under Reg. 3(4) and Schedule 2, a statement of the protection and remedies available under the CCA in the form of a notice, as follows:

"TERMINATION: YOUR RIGHTS

*You have a right to end this agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to... half the total amount payable under this agreement, that is £x**. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the goods, you will not have to pay any more.*

*** Creditor to insert the amount calculated in accordance with the provisions of section 100 of the Act or such lesser sum as the agreement may provide."*

(the "Termination Rights Notice")

The wording the Regulations require creditors to use for the Termination Rights Notice is prescriptive and must be followed.

In the "*Termination: Your Rights*" section of Mr B's hire purchase agreement on page two, it refers to the amount that is due on termination and in this case, that was £14,521.39.

Whether or not it is fair for a lender to apply the charge will depend on the terms of the agreement that has been entered into. I have to decide whether the agreement has been constructed in a way to allow the charging for excess mileage, without contravening what is set out in the CCA regarding voluntary termination. In Mr B's case, I think it has. I'll explain why.

Section 99 sets out that any liabilities which accrue prior to termination are not affected by the termination. What this means is that Mr B is liable to pay any charges which have built up prior to the termination of the agreement, and that these charges are in addition to the other liability for early termination. So if the liability for excess mileage charges has accrued prior to termination, it is not incompatible with what is permitted under section 99. I've considered Mr B's agreement to determine whether such liability has accrued prior to termination.

The first page of Mr B's hire purchase agreement has a section headed: *"Excess Mileage Charges"*. This section sets out the mileage allowance and what charges will apply if that mileage is exceeded. It says that if the agreement is terminated early, the mileage allowance will be pro-rated to the shorter period of time and that, *"Your obligation to pay any Excess Mileage Charge will accrue immediately prior to termination. Please see "Termination: Your Rights below."*

In the *"Termination: Your Rights"* section of the agreement, it states:

"You have a right to end this agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under this agreement, that is £14,521.39. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the goods, you will not have to pay any more."

This means that you can terminate this agreement at any time before your final repayment falls due by giving us written notice. You will have to return the Vehicle and pay (i) any arrears and any other sums which have become payable under the agreement before the termination (including any Excess Mileage Charge), plus (ii) the amount (if any) by which one-half of the total amount payable exceeds the amount paid by you including the advance payment plus (iii) if you do not return the Vehicle in good repair and condition, the sum required to compensate us for this. This will be your maximum liability if you comply with these requirements."

In the *"What other fees and charges will you have to pay"* section in the explanation document, it states:

*"Excess mileage charges will be payable if you have a [name] agreement and if you exceed the maximum contract mileage. These are shown in the Pre-contract Credit Information and the credit agreement. In the case of early termination, the maximum contract mileage will be pro-rated for the period you have held the agreement and excess mileage charges will be payable on the prorated figure. **It is your responsibility to provide us with an accurate estimate of your predicted mileage in order to ensure that any excess mileage charge is calculated accurately.**"*

Under section eight in the terms and conditions, it states:

"(c) (ii) If you exercise your right to return the Vehicle to us or we end this agreement and have the right to repossess the Vehicle, you must make the Vehicle available for us or our recovery agent to inspect and collect from you. If you do not return the Vehicle to us as agreed with our recovery agent, we will make alternative arrangements to collect the Vehicle and you will be charged for each failed collection (please see "Other Charges" on page 1). Our agent will make a written report of the condition and any damage, Excess Mileage Charge and a note of any missing items or documents. We will require proof if you claim that any damage was present or item missing on the Vehicle's delivery to you at the start of the agreement where the damage or missing item has not previously been notified to us. Until we take possession of the Vehicle, your obligations under Clause 4 to take care of the Vehicle and clause 5, to insure the Vehicle, continue..."

(c) (iv) If the Vehicle has exceeded the Maximum Total Mileage, you must pay us the Excess Mileage Charge for depreciation for each mile covered in excess of the Maximum Total Mileage. See Page 1."

Having read the terms of Mr B's agreement, I'm satisfied the liability for excess mileage charges accrue prior to the termination. In this case, I think a reasonable interpretation of the contract is that a charge for excess mileage will accrue before the agreement has been terminated, or the option to voluntarily terminate the agreement hasn't been taken. So it follows that liability for the excess mileage accrued before this point.

Overall, I think my interpretation of how the charges are set out in the agreement is reasonable. So I consider the charges arising out of Mr B's contract are consistent with what is allowed under section 99 of the CCA.

I also have to take into consideration whether the excess mileage charge is permitted under section 100 of the CCA.

Section 100(1) of the CCA sets out the consumer's liability on termination. It allows BMWFS to charge Mr B one half of the "*total price*". If Mr B has already paid this in monthly repayments, under certain circumstances he would not have to pay anything more. But if Mr B had failed to take "*reasonable care*" of the vehicle, there is an exception to this. If this had happened, under section 100(4) of the CCA, BMWFS would be entitled to increase the amount owed by Mr B under section 100(1) of the CCA to compensate for this.

Section 189 of the CCA defines "*total price*" as the total amount payable by Mr B under the hire purchase agreement, including any option to purchase charge. But it excludes any sum that might be payable as compensation for a breach of the agreement.

I've thought about whether the excess mileage charges make up an additional part of the price of hire. And so, whether they're allowed to be charged as part of the "*total price*" under section 100(1) of the CCA. Having done so, I'm satisfied they are. The agreement lists that the maximum annual mileage is 6,000 miles. I consider exceeding the mileage a breach of the agreement and so, it can't give rise to a charge that comes within the total price and is charged for under the calculation required by section 100(1) of the CCA.

I've mentioned the exception that applies under section 100(4) of the CCA, if Mr B had failed to take reasonable care of the vehicle and this exception allowing BMWFS to increase the liability owed under section 100(1) of the CCA to compensate for the breach. Having reviewed the documentation Mr B received, specifically section 10.5 of the terms and conditions, I think exceeding the mileage set out in the agreement, would count as failure to take reasonable care of the vehicle.

Having considered the documentation Mr B was provided, I'm satisfied that driving more miles than the contract allowed should be treated as Mr B failing to take reasonable care of the vehicle.

So, as I am satisfied that the agreement does make provision for a charge following voluntary termination of the agreement, if the maximum mileage allowance is exceeded – I think that the term is consistent with the protections of the CCA in respect of voluntary termination. As a result of this, I think BMWFS can rely on the terms and conditions to make Mr B liable for more than the £14,521.39 he has already paid. Whilst I appreciate Mr B said the charges were hidden, I think the terms and conditions of the agreement are clearly set out and so, I think BMWFS has acted fairly and reasonably when it calculated the excess mileage charge.

The clarity of the contract

In addition to Mr B's agreement and the CCA, I've also considered the rules set out in the Financial Conduct Authority's Handbook.

I consider that the contract should be clear about the cost of ending the agreement early and that this is an important consideration as to whether it is fair and reasonable to impose an excess mileage charge, in the particular circumstances. In considering what is fair and reasonable, I've considered the relevant provisions of the FCA's Consumer Credit Sourcebook (CONC) including:

"CONC 2.3.2

A firm must explain the key features of a regulated credit agreement to enable the customer to make an informed choice as required by CONC 4.2.5 R (adequate explanations).

CONC 4.2.5

(1) Before making a regulated credit agreement the firm must:

- (a) provide the customer with an adequate explanation of the matters referred to in*
- (2) in order to place the customer in a position to assess whether the agreement is adapted to the customer's needs and financial situation; ...*

(2) The matters referred to in (1) (a) are:

- (a) the features of the agreement which may make the credit to be provided under the agreement unsuitable for particular types of use;*
- (b) how much the customer will have to pay periodically and, where the amount can be determined, in total under the agreement;*
- (c) the features of the agreement which may operate in a manner which would have a significant adverse effect on the customer in a way which the customer is unlikely to foresee."*

I've also considered that principle seven of the FCA Principles for Businesses states that, "A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading".

Thinking about the clarity of the information Mr B was given about the agreement he was entering into, I've based my findings on the documentation I've been provided. I can also see that Mr B was given an opportunity to read a separate sheet headed "PRE-CONTRACT CREDIT INFORMATION".

This document states "Excess Mileage Charges are payable, if you return the Vehicle, at 5.63 pence per mile for each mile covered in excess of the Maximum Total Mileage of 67640 miles (pro rated if you end this agreement early). Maximum Annual Mileage is 6000 miles. Mileage on delivery of 43140 miles is included in the Maximum Total Mileage."

This document, coupled with the terms and conditions, the explanation document and the hire purchase agreement, persuade me that Mr B was clearly told that an excess mileage charge would be paid upon terminating the agreement early and that he was reasonably made aware of this. This in line with CONC 2.3.2 and CONC 4.2.5.

I think the agreement was clear, fair and not misleading, So I don't think BMWFS has breached principle seven of the FCA Principles for Businesses. So, overall I think it's fair and reasonable for BMWFS to impose an excess mileage charge in these particular circumstances.

Overall, I'm satisfied that Mr B should be liable to pay the excess mileage charges. This is because I consider that the excess mileage charges as specified in the contract here, is consistent with what is allowed to be charged under the CCA. I'm satisfied that BMWFS has met the requirements under the FCA Principles for Businesses and CONC. And I consider that it would be fair and reasonable to charge for excess mileage in these particular circumstances.

Damage charges

The terms and conditions of Mr B's hire purchase agreement explain that, *"If the vehicle is returned it must be in good repair and condition. You will be charged for any damage outside fair wear and tear as this results in additional depreciation of the vehicle."*

When reaching my decision, I'm required to consider relevant industry guidance. Here, relevant guidance includes the guidelines on fair wear and tear published by the trade body, The British Vehicle Rental & Leasing Association ("BVRLA"). This guidance is generally intended for the return of new cars at the end of the first leasing cycle.

The BVRLA guidance states:

"Fair wear and tear occurs when normal usage causes acceptable deterioration to a vehicle. When BVRLA members review deterioration in the vehicle's condition at the end of a contract or finance agreement, they consider the age, mileage and whether the vehicle has been looked after sufficiently."

Fair wear and tear should not be confused with damage, which occurs as a result of a specific event or a series of events, such as an impact, inappropriate stowing of items, harsh treatment, negligent acts or omissions."

In this case, the car supplied to Mr B wasn't a new car. The car was five years old and the mileage was around 43,140. At the point it was inspected by B, the car was eight years old and the recorded mileage was around 75,044. Given what the BVRLA say about the age and mileage of a car, the car supplied to Mr B would likely have more signs of wear and tear when it was returned, than a newer car with less mileage. So I've considered this when deciding Mr B's complaint.

BMWFS has already removed the charges for the right hand rear alloy wheel, the right hand rear quarter panel and the right hand front door. So I won't consider these charges as part of this decision.

Left hand front and rear alloy wheels

It doesn't seem that BMWFS has charged Mr B for these two areas of damage as the charges don't seem to have been included in the overall amount of £241.86 that BMWFS says Mr B owes it for the damage caused. However, for completeness, I have considered these two charges as part of this decision.

In relation to alloys, BVRLA guidance says:

"Dents on wheel rims and wheel trims are not acceptable."

Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels are acceptable."

Any damage to the wheel spokes, wheel fascia, or hub of the alloy wheel is not acceptable."

I've looked at the photograph provided for the left hand front wheel alloy where damage was identified by B. The photograph shows damage and scuffing in excess of 50mm. In light of this, I'm satisfied the damage to the left hand front wheel alloy falls outside of fair wear and tear.

However, the photograph provided to show the damage for the left hand rear alloy wheel isn't clear. The photograph is blurry and it's not clear whether the white patches are the reflection of the measurement board or whether it is actually damage. So I'm not satisfied the damage to the left hand rear alloy wheel falls outside of fair wear and tear. And so, I'm minded to decide that BMWFS should remove the cost of this.

Left hand rear door and quarter panel

The BVRLA says for scratches to bumpers and the body and paint of a car:

“Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out. A maximum of four surface scratches on one panel is acceptable”.

I've looked at the photographs for both of the areas where scratches were identified. The photograph for the left hand rear door shows a number of scratches in excess of 25mm where the primer is showing. I'm satisfied this damage falls outside of fair wear and tear.

The photograph for the left hand rear quarter panel doesn't show scratches in excess of 25mm, but it does show two areas of damage. In total there appears to be three scratches or chips which all penetrate the primer and show the bare metal of the car and there is a small dent showing too. I'm satisfied this damage falls outside of fair wear and tear.

Rear bumper

In relation to paintwork, body, bumpers and trim, the BVRLA guidance says:

“Dents (up to 10mm) are acceptable provided there are no more than two (2) per panel and the paint surface is not broken. Dents on the roof or swage line on any panels are not acceptable.”

I've looked at the photograph for the rear bumper. Generally dents are shown through use of a zebra board which demonstrates the distortion in the panel. In this case, this wasn't included when the photograph was taken to demonstrate the dent. Having reviewed the photograph, I can't see an obvious dent. And so, I'm not minded to conclude that BMWFS is entitled to charge for the damage to the rear bumper, as I don't think it falls outside of fair wear and tear.

Whilst I think the damage identified to the left hand front alloy, the left hand door and quarter panel falls outside of fair wear and tear according to the BVRLA guidelines, I also need to consider that the car was eight years old at the point it was returned to BMWFS and the mileage was in excess of 75,000. Having done so, I think the damage caused to the left hand rear door has been caused through normal use of the car. However, I think that the damage caused to the left hand quarter panel and the left hand front alloy wheel is more likely to have occurred due to impact. And so, I'm minded to say that BMWFS should only charge Mr B for the damage caused to the left hand quarter panel and the left hand front alloy wheel, totalling £139.

Overall, I'm minded to decide that BMWFS is entitled to charge Mr B for the excess mileage charges totalling £754.65 and damage charges totalling £139.

I also consider that BMWFS should amend Mr B's credit file to show he owes the reduced amount. I don't consider that it needs to remove any adverse information it has reported to the credit reference agencies, as I'm minded to conclude that an amount is owed by Mr B.

My provisional decision

My provisional decision is that I am minded to decide that BMW Financial Services(GB) Limited trading as ALPHERA Financial Services (“BMWFS”) should do the following:

- Charge Mr B £754.65 for the excess mileage charges;
- Reduce the outstanding charge for damages down to £139; and
- Update the information reported to any credit reference agencies about this hire purchase agreement to reflect the reduced outstanding amount.

Sonia Ahmed
Ombudsman