

The complaint

Miss O complains about what she says was the poor management and administration of her hire purchase agreement ("agreement") by BMW Financial Services(GB) Limited trading as ALPHERA Financial Services ("Alphera").

Miss O's original agreement was replaced by Alphera with a new one mid-term. This fact isn't in itself material to my consideration of this complaint so for simplicity I will simply refer to one agreement in this decision not two.

What happened

In March 2022 Miss O entered into an agreement with Alphera for a used car costing £15,557.50.

Under the terms of the agreement, everything else being equal, Miss O undertook to make 60 monthly payments of £323.08 making a total repayable of £19,384.80 at an APR of 9.4%. The first payment was scheduled for April 2022 and the last was scheduled for March 2027.

In December 2022 Miss O made a part repayment of £5,000.00 to her agreement. This was processed correctly by Alphera leaving Miss O to make, going forward, 32 monthly payments of £300.57 totalling £9,618.24 commencing January 2023 and ending in August 2025.

In January 2023 Miss O made a part repayment of £2,500.00 to her agreement. This should have been processed by Alphera such that it left Miss O to make, going forward, 31 monthly payments of £212.79 totalling £6,596.49 commencing February 2023 and ending in August 2025. Instead this was processed by Alphera such that it left Miss O to make, going forward, 22 monthly payments of £293.29 totalling £6,452.38 commencing in February 2023 and ending in November 2024.

In June 2023 Alphera attempted to correct its error in its processing of Miss O's part repayment of £2,500 to her agreement but in doing so reset the agreement term to end in March 2027 (rather than August 2025) at £140.37 a month.

In April 2024 Miss O repaid her agreement in full by paying Alphera £4,362.41.

In May 2023, and unhappy with Alphera's management and administration of her agreement, Miss O complained to our service.

Miss O's complaint was considered by one of our investigators who ultimately came to the view that Alphera should pay Miss O £500 for its errors less £250 it had already paid her.

Alphera didn't respond to the investigator's view and Miss O disagreed with it. And because of this Miss O's complaint has been passed to me for review and 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.

Having done so I can confirm that I've come to the same overall outcome as the investigator and for broadly the same reasons.

First, I would like to point out I've read the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point or particular piece of evidence, 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. Our rules allow me to do this, reflecting the fact that we are an informal free service set up as an alternative to the courts.

I would also add that where the information I've got is incomplete, unclear or contradictory, as some of it is here, I've to base my decision on the balance of probabilities.

In a complaint like this what I'm required to decide is whether the business did something wrong and if it did whether what it did wrong has caused the consumer who is complaining a financial loss and/or distress and inconvenience.

In this case I'm satisfied, based on what both parties have said and submitted, that Alphera did do something wrong and what Alphera did wrong was:

- To process Miss O's part repayment of £2,500.00 in January 2023 such that it left her to make, going forward, 22 monthly payments of £293.29 totalling £6,452.38 commencing in February 2023 and ending in November 2024 rather than 31 monthly payments of £212.79 totalling £6,596.49 commencing February 2023 and ending in August 2025.
- In trying, in June 2023, to correct the above error, Alphera set the agreement term to end in March 2027 rather than August 2025.

Miss O says as a result of the above she ended paying Alphera £629.82 more than she should have done to end her agreement, calculated as follows:

Balance outstanding January 2023		£6,596.49
February/March 2023 payments (2 x £293.29)	£586.58	
June 2023 payment	£323.08	
July 2023 to April 2024 payments (10 x £140.37)	£1,403.70	
Total	£2,313.36	£4,283.13
April 2024 agreement settlement		£4,912.95
Difference		£629.82

But in concluding the above Miss O has failed to take into account that had it not been for Alphera's errors what she would have been required to pay it between February 2023 and April 2024 would have been £2,766.27 (13 x £212.79) rather than £2,313.36 she did pay it.

And on this basis, and using Miss O's calculation methodology, her calculated loss would be £176.91 - £629.82 plus £2,313.36 less £2,766.27.

However this isn't the end of matters because in my view Miss O could have mitigated this calculated loss of £176.91, if not fully then at least in the main, by settling her agreement in full before April 2024 or by making monthly overpayments when Alphera set her monthly payments going forward at £140.37.

So in summary I'm not persuaded that Alphera's actions in this case has caused Miss O a material financial loss and certainly not one of the magnitude she has submitted she suffered.

I will now turn to whether Alphera's errors caused Miss O distress and inconvenience and if they did what Alphera should have to fairly and reasonably pay her, by way of compensation, for that distress and inconvenience.

Alphera appears to accept its errors caused Miss O both distress and inconvenience because it offered her £150 under cover of its final response letter dated May 2023 and then went on to pay her, in October 2023, £250. So what I need to decide here is whether Alphera need to pay Miss O a further £250 as recommended by the investigator in November 2024.

Given, amongst other things, Alphera's original error, the time it took to try and correct that error, that its attempt to correct that error failed, arrears letters that were sent (which in my view shouldn't have been) and allowing for a financial loss that it could reasonably be said Alphera should be held liable for, I can confirm that I'm in agreement with the investigator that Alphera should have to pay Miss O a further £250 in compensation.

Finally and for the avoidance of doubt I would add that if Alphera has recorded adverse information with credit reference agencies in respect of Miss O's agreement then this adverse information should be removed.

My final decision

My final decision is that BMW Financial Services(GB) Limited trading as ALPHERA Financial Services must pay Miss O a further £250 and remove any adverse information it may have recorded with credit reference agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 6 February 2025.

Peter Cook
Ombudsman