

The complaint

Mr T complains that when his hire purchase agreement with BMW Financial Services(GB) Limited, trading as Alphera Financial Services, ended it kept trying to take the balloon payment from his bank account when he'd already paid it. He also complains about the customer service he received.

What happened

In October 2020 Mr T acquired a car financed through a hire purchase agreement with Alphera. On 29 October 2024 Mr T notified Alphera the car had been sold and confirmed with it that it had no further interest in the vehicle. This was confirmed via the portal which, he said, updated straight away to say he had no live agreements.

Mr T said on 3 November he had a text from his bank to say he was now in his overdraft due to Alphera taking the balloon payment of over £8,000. He said after numerous calls he was told it could take up to 6 working days to return the money. Mr T said his bank did return the money. Over the course of the next two weeks Alphera tried to take the payment again twice more, each time leaving his bank account overdrawn.

In its final response Alphera accepted it had made an error and Mr T's account debited after the balloon payment had already been paid by standing order a few days previously. It offered Mr T £150 to compensate for the distress and inconvenience caused. Mr T wasn't satisfied and brought his complaint to this service. He said this situation had caused him a great deal of stress as he considered the impact on his credit score and ability to get further finance. He asked for more substantial compensation due to being lied to or Alphera not keeping its word.

Mr T said he received messages from the bank saying he had gone over his limit and he had a payment due. He said his bank card was frozen and didn't have access to funds. He called Alphera several times and spent a long time on the phone. He was told the payment would take six working days to return and that it would attempt to take the payment again. He believes Alphera should have cancelled the direct debit but he was told it couldn't.

While the complaint was with our investigator Alphera proactively increased its offer to Mr T. It said having reviewed the issues raised and inconvenience it would offer £300 and ensure there was no impact on Mr T's credit file. Our investigator thought this was a fair offer. Mr T declined. He didn't think it reflected the distress and inconvenience he had experienced. So the complaint has come to me for a 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 agree with the conclusions reached by the investigator for the reasons I've outlined below.

Alphera has accepted that its customer service wasn't as it should have been so it is up to me to decide what remedy, if any, is appropriate in the circumstances.

Mr T is rightly cross and frustrated that Alphera tried to take his balloon payment three times in error in a two week period. This caused his bank account to go over drawn and affected his ability to use his bank card. This was exacerbated by the fact he contacted Alphera several times over the period to retrieve the money back and found that experience frustrating also. This is understandable.

In its response to this service Alphera said the balloon payment was debited from Mr T's account on 3 November 2024 as there was a direct debit set up in place to take the balloon payment on the original end of agreement date: 3 November 2024. It said it explained to Mr T that direct debits are typically called for three to five working days prior to the actual due date, thus why his account was debited after the balloon payment had already been paid via standing order on 30 October 2024. Because the direct debit failed the first time it tried again, and then again.

It seems the bank returned the money to Mr T's account or reversed the direct debits because Mr T didn't have enough money in his bank account. It was, after all, a very large payment. I can understand though how text messages informing Mr T that his account was very overdrawn would've been upsetting and would cause Mr T to worry about his credit file.

As the payment was being attempted by direct debit this is something that Mr T could have cancelled himself after the first and second attempt by Alphera. This would've prevented Alphera from attempting to take payment the second and third time. But I also accept that Alphera should have also found a way to prevent the payment attempting especially after the second and subsequent attempts.

Alphera first offered £150 for the distress and inconvenience and I'm pleased to see it acknowledged this wasn't enough. It said it fell short of the standards it tries to uphold. It said Mr T's patience throughout this process has been greatly. So it offered an additional £150.

Mr T has said this amount didn't cover the stress and anguish he had to endure. He said Alphera's systems and training needs a vast overhaul. It's not my role to comment on a business's processes. Nor is it my role to punish the business. I haven't seen any evidence of financial loss for Mr T and Alphera has said it will ensure there is no effect on his credit file. So in addition to that I think a total of £300 compensation is fair and reasonable and what I would expect in the circumstances.

My final decision

BMW Financial Services(GB) Limited, trading as Alphera Financial Services, has already made an offer: to pay £300 and ensure there is no impact to Mr T's credit file as a result of its mistake, to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that BMW Financial Services(GB) Limited, trading as Alphera Financial Services, should pay Mr T £300 and remove any adverse markers from his credit file which may be there as a result of the business's error.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 27 February 2025.

Maxine Sutton
Ombudsman