

## **The complaint**

Mr F has complained that a car he acquired using a hire purchase agreement with BMW Financial Services (GB) Limited trading as Alphera Financial Services ('Alphera') was misrepresented to him, as he was not told it had been salvaged before he acquired it.

## **What happened**

Mr F acquired a used car in June 2020 financed by a hire purchase agreement with Alphera. The car was four years old, the cash price was £31,300 and the agreement was for 48 months. The monthly repayment was £396.66 with a final repayment of £15,519 if Mr F wanted to keep the car at the end of the term. The car was four years old with a mileage of around 30,000.

Mr F enquired about selling the car, but he told us he discovered the car had been salvaged before it was supplied to him, and this has meant he was unable to re-sell it and the garages he had approached had refused the car completely because of this. Mr F said had he known the car had been through a salvage auction he would not have entered into the agreement.

A complaint was made to Alphera who looked into Mr F's concerns. It didn't issue its final response within the eight-week timeframe but later in November 2024 it didn't uphold the complaint. It said it had carried out a HPI check which had no markers showing the car had been salvaged or written off in the past. Alphera said as the HPI check was clear, and it had met its obligations and had supplied a vehicle that was of satisfactory quality. But it did acknowledge its service standards feel short and so along with an apology it offered Mr F £400 compensation.

One of our Investigator's looked into things and upheld the complaint. He recommended amongst other things Alphera end the agreement with nothing further to pay, to refund Mr F's deposit contribution and remove adverse information from Mr F's credit file in relation to the agreement.

Both Alphera and Mr F disagreed so the complaint has been passed 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.

Mr F acquired his car under a hire purchase agreement. This is a regulated consumer credit agreement and therefore this service is able to look into complaints about it. I have also taken into account s.56 of the Consumer Credit Act (1974), which explains that finance providers are liable for what they say and for what is said by a credit broker or supplier before the consumer enters into the credit agreement.

If Mr F was given a false statement of fact or law, and if that false statement was a significant reason why he entered into the agreement, I may think the agreement – or the car

had been misrepresented to him. There may also be misrepresentation by omission – that is, a failure to disclose something material to Mr F.

Mr F sent in correspondence from the dealer to which he intended to part exchange the car with. To summarise this said during final checks a warning came back on the HPI/VCHECK showing salvage history. Because of this it said it was unable to place the car on its sales platform. Mr F also sent in a copy of the report he had obtained about the car along with a copy of the HPI report.

The report itself showed pictures of the vehicle, some of which showed damage to the car. It also recorded the category as '*stolen/recovered*' and described it as '*damage to this vehicle is vandalism and all over*'. In the case of Mr F's car, it's impossible to know the extent of the problems with the car after it was stolen but the pictures on the report clearly show damage to the exterior and bodywork.

I've reviewed the welcome file provided by the supplying dealership to Mr F and I note the documentation expressly states all vehicles sold are 'HPI clear' across all categories. This representation would reasonably lead a purchaser to understand that the vehicle in question had no adverse history recorded, including any classification as salvage.

The agreement suggests Mr F paid the prevailing market value for the vehicle at the time of sale. There is nothing to suggest any reduction in price was offered in recognition of the vehicle's salvage status. The absence of such a discount further supports the inference that the salvage history was not disclosed to Mr F prior to completion of the sale.

Because of this Mr F has said he was never told about the vehicle's history and had the supplying dealership done so, he wouldn't have entered into the agreement. He wanted to reject the vehicle and be refunded all the monthly payments he paid towards the agreement.

But as I outlined above, Alphera didn't agree to this. It further said to us, as part of any finance application, it would ensure a HPI check on the vehicle is clear (and it sent a recent HPI check on the car). It said it didn't have any evidence to confirm the vehicle was stolen other than the report Mr F provided and it wouldn't have approved the application if the HPI check showed the vehicle was stolen/recovered at the point of sale.

As a compromise it was willing for Mr F to return the vehicle and for it to charge for fair use of the vehicle and fair wear and tear costs.

I understand Alphera has said it wasn't aware of the salvage auction at the point of sale, but I must also consider that it seems to have been easily available to the dealer to which Mr F was planning to part exchange the car with. I see no reason why this information wouldn't have been in existence or available to Alphera or the supplying dealership at the point of supply. And I think it's reasonable to take it Alphera ought reasonably to have completed sufficient checks to enable it to identify any factors that would materially affect the value of the car on which it was lending.

I accept Mr F has had use of the car without any reported issues, but this complaint is not about faults with the car but rather that it was misrepresented.

Mr F has also said the salvage classification has adversely affected his ability to dispose of the vehicle. He said two separate dealerships have declined to purchase it upon becoming aware of its history, Mr F made it clear that, had he been informed of the salvage status at the time of sale, he would not have proceeded with entering into the agreement.

Overall, I think there was a misrepresentation by omission, in that the previous sale of the

car via a salvage auction was not disclosed to Mr F and it was important information that ought reasonably to have been known or discovered prior to supply. And I am satisfied Mr F would not have acquired the car had he known about the car having been through a salvage auction.

### **Putting things right**

I accept Mr F has had uninterrupted use of the car without any particular reported issues so I can't fairly require Alphera to refund any of the monthly payments made. I also note Mr F has made all monthly payments under the agreement and so if he wishes to keep the car the outstanding amount due is the balloon payment.

Mr F has remained in possession of the vehicle and had the car available for his use. So, it's only fair Alphera can apply charges reflecting fair use. Alphera has already offered Mr F £400 by way of compensation, and I think this fairly reflects the distress and inconvenience this matter would've caused, so I won't be asking it to do anything further here.

BMW Financial Services (GB) Limited trading as Alphera Financial Services should:

- End the agreement with nothing further to pay by way of monthly contributions.
- Collect the car at no further cost to Mr F.
- Refund Mr F's deposit contribution adding 8% simple interest per year from the date he paid it to the date the compensation is paid.
- Pay £400 in compensation for the distress and inconvenience caused (if not paid already).
- Remove any adverse information about this agreement from Mr F's credit file.

### **My final decision**

My final decision is I uphold this complaint and direct BMW Financial Services (GB) Limited trading as Alphera Financial Services to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 8 September 2025.

Rajvinder Pnaiser  
**Ombudsman**