

The complaint

Miss M complains that she shouldn't still owe another payment on her previous finance agreement with BMW Financial Services (GB) Limited trading as Alphera Financial Services ("Alphera").

What happened

Miss M was approaching the end of her hire purchase agreement with Alphera in September 2024. There was a final "balloon" payment due on the agreement in October 2024, and Miss M called BMW to look to refinance this.

Miss M has told us that she was advised to cancel her direct debit on the call, so that the balloon payment wasn't taken on 22 October 2024. However, it transpired that there was a final monthly payment due on this agreement which had been due around 18 October 2024, but because the direct debit was cancelled, it couldn't be taken. Meanwhile the new finance agreement to refinance the balloon payment paid off the balloon payment and the agreement for that began from 22 October 2024. But this didn't include the last remaining monthly payment required.

Alphera contacted Miss M about the missed payment from October 2024, an amount of £220.97. She was unhappy about this, refused to pay it, and raised a complaint on 8 November 2024.

Alphera issued a final response letter to this complaint on 12 February 2025, explaining that the missed payment of £220.97 was still owing, but offering £150 compensation due to their time taken to investigate the complaint.

Miss M had bought her complaint to our service while waiting for a response, and an investigator here investigated it. They contacted Alphera to discuss the case and asked them if the payment was made, would they be prepared to remove the adverse data from Miss M's credit file related to this missed payment, which they agreed they would. The investigator felt this along with the £150 offered was a fair offer, and confirmed this to Miss M.

Miss M didn't agree however, and insisted they weren't providing all the phone calls she had had with them, and she wouldn't have cancelled her direct debit if she hadn't been told to do so. She asked for an Ombudsman to make a final decision, so the case has been passed to me.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete

or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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 (if appropriate) what I consider was good industry practice at the time. Miss M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

I'm sorry that Miss M hasn't been able to accept the offer made and believes that listening to the correct phone call would make a difference here. She believes that if we could hear her be told to cancel the direct debit, she wouldn't have to make this payment. I'm afraid this is wrong however, and I'm sorry if she feels this hasn't been explained properly to her.

I'm not concerned about hearing that call and am absolutely comfortable assuming what she says was told to her is true, and someone did tell her to cancel the direct debit. Whether they did tell her this, or whether she misunderstood, makes no difference whatsoever to how this should be put right.

If a customer service agent on the phone has wrongly told her to cancel the direct debit, meaning she hasn't made her final monthly payment, she still owes that payment. The error on the phone would not mean she doesn't need to make the payment and doesn't owe the money. It would warrant an apology and some time to put things right and make the payment still due.

This is the crux of the ongoing complaint, in that Miss M argues as she wasn't told on the phone that a further monthly payment was still due, she shouldn't have to pay it, and it's causing her financial difficulties. I don't accept this argument, however. The money was owed on the agreement and remains owed. It needs to be paid. It wouldn't have been part of the refinancing of the balloon payment, and the fact it was due to be taken so close to that balloon payment has meant this confusion has occurred.

The argument about it causing financial difficulties for Miss M is also one I don't accept. She made a normal monthly payment on the original agreement in September 2024, and a first payment on the second agreement to refinance the balloon payment in November 2024. No payment was made in October 2024 to either agreement, so I don't accept that having to make up this single missed payment would cause her any financial difficulties.

Alongside this, Alphera have pointed out that with the £150 they offered for their slow complaint handling taken off, she only owes them £70.97 now.

They have also offered to correct her credit file and remove the missed payment marker which she has complained about. I am satisfied that while she has refused to make the payment, it was fair to mark this as a late payment, and offering to remove this impact to her credit file is generous, indeed possibly more than I would have asked them to do at this stage without this offer. The investigator pointed out that we would expect a consumer to "mitigate their loss". What this means in this example is that while disagreeing with the payment, to avoid a credit file impact, Miss M could have made the payment, and continued to dispute it, without damaging her credit file. She chose not to do this, thus worsening the situation for herself.

I'm disappointed that the case hasn't been able to be resolved between the parties before requiring me to make this final decision. Alphera took too long to answer the complaint, and clearly things have broken down between the parties now.

I just want to reiterate that if I'd heard the phone call Miss M says happened, and in that call, she was told what she says she was told, I still wouldn't be asking Alphera to do anything more here than the £150 offer and to remove adverse data from her credit file. Ultimately, even if she's been given wrong information, she owes this money to Alphera and should pay it. I'm sorry the situation has both upset her and angered her, but that shouldn't mean that she doesn't owe this money on her agreement.

I'd also like to explain to Miss M that this is our final answer on the complaint. If she accepts it within the 30 days given, she should make the payment of the amount owing (net amount is £70.97) to Alphera within 30 days of acceptance, and once that is paid, Alphera will need to remove any adverse data from her credit file regarding this missed payment.

However, if Miss M chooses not to accept this in the 30 days given, Alphera won't be bound to do anything to put things right and won't have to remove the missed payment data from her credit file. They will also still be entitled to chase her for the money owing.

Putting things right

I am upholding the complaint and instruct BMW Financial Services (GB) Limited trading as Alphera Financial Services to carry out the following to put things right:

- Remove the £150 offered for poor service from the remaining balance owing by Miss M to leave a net amount owing of £70.97.
- Once the account is settled in a timely fashion, remove any adverse data from Miss M's credit file in relation to this agreement and missed payment.

My final decision

I am upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 26 September 2025.

Paul Cronin
Ombudsman