

The complaint

Mr F complains that BMW Financial Services (GB) Limited, trading as Alphera Financial Services, hasn't refunded to him overpayments that he made to it.

What happened

Mr F had entered into a hire purchase agreement with Alphera Financial Services in September 2020 for a used car to be supplied to him. He agreed to make 47 monthly payments of £267 and an optional final payment of £7,251 to Alphera Financial Services. Rather than making the optional final payment, Mr F entered into another hire purchase agreement with Alphera Financial Services in July 2024 and agreed to make 48 monthly payments of £198.31 to Alphera Financial Services.

There were some issues with the transition from one agreement to the other and Mr F says that he made the monthly payments under both agreements for nearly two months and he says that he paid made £510.45 more than he should have done. He complained to Alphera Financial Services and it said in September 2024 that it had refunded £510.45 to him. It also offered him £100 as a gesture of goodwill for the distress and inconvenience caused.

Mr F received the £100 compensation but not the refund of £510.45 so he complained to this service. Alphera Financial Services then offered to pay the refund of £510.45 and an additional £75 compensation for the delay in processing the refund to Mr F. Mr F didn't accept that offer and Alphera Financial Services then retracted its offer and made a full and final offer of £150 compensation (which was in addition to the £100 already paid to Mr F). Mr F's complaint was then looked at by one of this service's investigators who, having considered everything, didn't think that Alphera Financial Services had acted fairly. He recommended that it should refund the £510.45 to Mr F, with interest, and pay him £150 compensation.

Alphera Financial Services paid the £150 compensation to Mr F but said that the £510.45 was sent by the broker and not by Mr F so it wouldn't look to refund that amount to Mr F. There were then protracted exchanges involving Alphera Financial Services, Mr F, the broker and this service and Alphera Financial Services then refunded the £510.45 to Mr F in April 2025. The investigator then recommended that Alphera Financial Services should pay interest on the refunded amount and pay a further £100 compensation to Mr F for the additional distress and inconvenience caused.

Alphera Financial Services didn't accept the investigator's recommendation and has asked for this complaint to be considered by an ombudsman. It says that it's paid a full and final settlement of £150 and the refund of £510.45 is a separate issue between it and the broker. It says that it can't agree to pay interest on an amount that wasn't Mr F's and additional compensation.

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 has provided bank statements showing that he was making payments to Alphera Financial Services under both hire purchase agreements after he'd entered into the hire purchase agreement in July 2024 and he says that he paid £510.45 more than he should have done to Alphera Financial Services. Alphera Financial Services agreed to refund that amount to him but didn't do so. Mr F complained to this service and the investigator said that it should refund that amount to him with interest and pay him £150 compensation. It paid him the £150 compensation but said that the £510.45 was sent by the broker and not by Mr F.

The £510.45 that Mr F was claiming was for overpayments that he made to Alphera Financial Services so I consider that Alphera Financial Services should have refunded that amount to him. After protracted exchanges Alphera Financial Services refunded £510.45 to Mr F in April 2025 but, as the refund is for overpayments made by Mr F, I consider that Alphera Financial Services should pay interest on the overpayments from the date that they were made until the £510.45 was refunded to Mr F in April 2025.

Alphera Financial Services accepts that it has caused distress and inconvenience to Mr F. It paid him the £100 compensation that it had offered to him in its final response letter and it paid him the £150 compensation that the investigator recommended should be paid to him in November 2024. Since then, Mr F has been caused further distress and inconvenience by the protracted exchanges and the delay in the £510.45 being refunded to him. The investigator recommended that Alphera Financial Services should pay a further £100 compensation to Mr F for the additional distress and inconvenience caused and I consider that to be fair and reasonable.

Putting things right

I find that it would be fair and reasonable in these circumstances for Alphera Financial Services to pay interest on the overpayments totalling £510.45 that were made by Mr F for the period from when the overpayments were made until the £510.45 was refunded to him in April 2025. I also find that it would be fair and reasonable for it to pay a further £100 to Mr F to compensate him for the additional distress and inconvenience that he's been caused. That will bring the total compensation paid to Mr F for the distress and inconvenience that he's been caused by Alphera Financial Services to £350 and I consider that to be fair and reasonable compensation in these circumstances.

My final decision

My decision is that I uphold Mr F's complaint and I order BMW Financial Services (GB) Limited, trading as Alphera Financial Services, to:

1. Pay interest on the overpayments totalling £510.45 that were made by Mr F at an annual rate of 8% simple for the period from when the overpayments were made until the £510.45 was refunded to him in April 2025.

2. Pay a further £100 to Mr F to compensate him for the additional distress and inconvenience that he's been caused.

HM Revenue & Customs requires Alphera Financial Services to deduct tax from the interest payment referred to above. Alphera Financial Services must give Mr F a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 July 2025.

Jarrold Hastings
Ombudsman