

## **The complaint**

Mr K complains that a van that was supplied to him under a hire purchase agreement with BMW Financial Services (GB) Limited, trading as Alphera Financial Services, wasn't of satisfactory quality.

## **What happened**

A used van was supplied to Mr K under a hire purchase agreement with Alphera Financial Services that he signed in January 2024. The price of the van was £20,328, the agreement shows that an advance payment of £1,030.01 was made and Mr K agreed to make 60 monthly payments of £431.17 to Alphera Financial Services.

Mr K says that the van suffered a catastrophic engine failure in July 2024 and that his subsequent investigations revealed that the van had been returned by a previous purchaser after an independent inspection had deemed it unroadworthy. He complained to Alphera Financial Services in August 2024 and said that he wanted it to terminate the hire purchase agreement and refund his payments.

Alphera Financial Services didn't provide a substantive response to Mr K's complaint so he complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Alphera Financial Services had acted fairly. She said that she didn't think that the van was of satisfactory quality at the point of supply and she recommended that Alphera Financial Services should: end the agreement; pay all storage costs and collect the van; refund any advance payment made by Mr K; refund any payments made by Mr K after the van broke down; pay interest on the refunds; pay £450 compensation for the distress and inconvenience caused; and remove any adverse information relating to the agreement from Mr K's credit file.

Alphera Financial Services then provided a final response to Mr K's complaint in May 2025 in which it said that it was happy to hear that rejection had been accepted and it apologised for the distress and inconvenience caused and the length of time it had taken it to respond to Mr K's concerns. It said that it upheld his complaint and was in the process of completing the investigator's recommendations. Mr K says that the van has been collected but he received a letter from Alphera Financial Services earlier this week which said that, to complete its investigations, it might need to contact the dealer to obtain further information. Alphera Financial Services hasn't confirmed to this service whether or not it accepts the investigator's recommendation, despite being asked to do so, so I've been asked to issue a decision on this complaint.

## **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.

Alphera Financial Services, as the supplier of the van, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr K. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the

van and the price that was paid for it. The van that was supplied to Mr K was nearly five years old, had been driven for 79,226 miles and had a price of £20,328. Satisfactory quality also covers durability which means that the components within the van must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

Mr K says that the van was leaking oil but the dealer told him not to worry about it. The van broke down in July 2024 and was recovered to a garage where it was stored until it was collected after the investigator had made her recommendations. The breakdown report identified some issues with the van and Mr K says that it suffered an engine failure. I understand that Alpheria Financial Services told Mr K that it would arrange for the van to be inspected by an independent expert but I've seen no evidence to show that such an inspection has taken place. Alpheria Financial Services didn't provide a substantive response to Mr K's complaint until after the investigator had made her recommendations. It then said that it upheld Mr K's complaint and was in the process of completing the investigator's recommendations and Mr K says that the van has been collected from the garage.

In complaints such as this one, where the evidence is incomplete, inconclusive or contradictory, I have to make my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. Having done so, I consider it to be more likely than not that there were issues with the van when it was supplied to Mr K that caused it not to have been of satisfactory quality at that time. I find that it would be fair and reasonable in these circumstances for Alpheria Financial Services to allow Mr K to reject the van and to take the actions set out below.

### **Putting things right**

I find that Alpheria Financial Services should end the hire purchase agreement at no cost to Mr K. The hire purchase agreement shows that Mr K made an advance payment of £1,030.01 for the van. I find that it would be fair and reasonable for Alpheria Financial Services to refund to Mr K any advance payment that was made by him for the van, with interest.

Mr K was able to use the van from January 2024, when it was supplied to him, until July 2024, when it broke down. I find that it would be fair and reasonable for Alpheria Financial Services to refund to Mr K the monthly payments that he's made under the hire purchase agreement for the period since the van broke down, with interest, but it can keep the payments that he made for the period before then as payment for the use that he's had from the van.

The van was recovered to a garage when it broke down and the garage has charged Mr K for storage costs. Mr K says that the van has now been collected from the garage and I find that it would be fair and reasonable for Alpheria Financial Services to pay for those storage costs.

I've seen no evidence to show that Alpheria Financial Services has reported any adverse information about the hire purchase agreement to the credit reference agencies. If it has reported any such information, I find that it should also ensure that that information is removed from Mr K's credit file.

These events have clearly caused distress and inconvenience for Mr K. I find that it would also be fair and reasonable for Alpheria Financial Services to pay him £450 to compensate him for that distress and inconvenience.

## **My final decision**

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

1. End the hire purchase agreement at no cost to Mr K.
2. Refund to Mr K any advance payment that he made for the van.
3. Refund to Mr K the monthly payments that he's made under the hire purchase agreement for the period since the van broke down in July 2024.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Pay for any storage costs that Mr K has been charged for storing the van.
6. Ensure that any adverse information about the hire purchase agreement that it's recorded to the credit reference agencies is removed from Mr K's credit file.
7. Pay £450 to Mr K to compensate him for the 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 K 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 K to accept or reject my decision before 30 July 2025.

Jarrold Hastings  
**Ombudsman**