

## **The complaint**

Mr H complains that a car 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 car was supplied to Mr H under a hire purchase agreement with Alphera Financial Services that he signed in July 2024. The price of the car was £17,690, Mr H made an advance payment of £2,200 and he agreed to make 47 monthly payments of £269.71 and a final payment of £7,517 to Alphera Financial Services.

The car had a cracked headlight that let in water and caused damage to the car's electronics. Mr H took the car to a manufacturer's dealer in September 2024 and paid £2,500 for repairs to the car, including reprogramming that wiped the car's mapping software. Mr H ordered the required software to sort out the issue with the mapping software at a cost of £787.15 and installed it on the car. There continues to be an issue with the car's tyre pressure monitoring system.

Mr H complained to Alphera Financial Services about the issues with the car but it didn't provide a substantive response to his complaint so Mr H 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. Based on the manufacturer dealer's invoice and the work carried out, he was satisfied that the car had inherent faults and he thought that the car wasn't of satisfactory quality when it was supplied to Mr H. He recommended that Alphera Financial Services should: refund £3,287.15 to Mr H for the expenses that he'd incurred, with interest; arrange or pay for repairs to the tyre pressure monitoring system; pay £150 to Mr H for any distress or inconvenience that's been caused; and remove any adverse information from Mr H's credit file in relation to the agreement.

Alphera Financial Services didn't accept the investigator's recommendation so I've been asked to issue a decision on this complaint. It has provided responses from the broker and the manufacturer's dealer and says that Mr H has already been reimbursed £700 by the selling dealer, the mapping repairs aren't a standard repair but are an enhancement which neither it nor the broker has agreed to so it's considered a breach of its terms, and Mr H bought a five year-old car that had been driven for more than 75,000 miles and the only issue seemed to be a cracked headlight but it would be reasonable for a car of this age and mileage to have fair wear and tear.

Mr H provided a quote of £400 for the work on the tyre pressure monitoring system and Alphera Financial Services said that it's happy to cover that repair. Mr H says that he did receive £700 from the selling dealer and he agrees to £700 being deducted from the compensation to be paid to him.

### **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 car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr H. 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 car and the price that was paid for it. The car that was supplied to Mr H was first registered in May 2019 so was more than five years old, the broker's invoice shows that it had been driven for 76,359 miles and the price of the car was £17,690. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

There doesn't seem to be any dispute that the car was supplied to Mr H with a cracked headlight or that it was letting in water. The broker says that the selling dealer reimbursed £700 to Mr H because of those issues. Mr H says that he did receive £700 from the selling dealer but he says that it was paid to help him to get out of a sticky situation and would be returned once Alphera Financial Services had reimbursed him. He agrees to £700 being deducted from the compensation to be paid to him.

Mr H took the car to a manufacturer's dealer in September 2024 and the job card shows that Mr H: *"advised that the head light had condensation and now there is loads of faults and error messages come up, lighting system errors, rear indicators don't work, front passenger headlight strobing, idrive keeps messing up, boot hasn't been locking ..."*. The invoice for the required work says: *"Attempted to carry out programming, however the head unit has previously been manipulated and engine tuning detected. Advised customer that programming may remove mapping. Advised resetting to factory settings to allow programming and full functionality. Carried out reset and programming all ok. Tyre warning now present ..."*. Mr H paid £2,500 for the work on his car.

Alphera Financial Services says that mapping repairs aren't a standard repair but are an enhancement which neither it nor the broker has agreed to so it's considered a breach of its terms. Mr H says that the car was supplied with specialist mapping software installed and that that was one of the reasons that he chose that car. I consider that it's more likely than not that water in the headlight caused electrical issues on the car and that the programming and mapping issues only occurred as a result of the issues with the headlight. Mr H ordered the required software to sort out the issue with the mapping software at a cost of £787.15 and installed it on the car. He says that that has sorted out the issue with it but that there

continues to be an issue with the car's tyre pressure monitoring system.

I consider that the issue with the car's headlight caused the car not to have been of satisfactory quality when it was supplied to Mr H and that led to the issues with the car's electronics, mapping software and tyre pressure monitoring system. I'm not persuaded that the headlight issues and their consequences would properly be considered to be fair wear and tear on a car that cost £17,690, particularly as the repairs by the manufacturer's dealer were made only two months after the car was supplied to Mr H. I consider that it would be fair and reasonable in these circumstances for Alphera Financial Services to pay for the repairs to the car and to take the other actions described below. I'm not persuaded that it would be fair or reasonable for me to require Alphera Financial Services to accept rejection of the car.

### **Putting things right**

Mr H has paid £2,500 for the manufacturer's dealer's work on the car and he incurred additional expenses of £787.15 for the software required to reinstall the car's mapping. Mr H has agreed to £700 being deducted from the compensation to be paid to him. I find that it would be fair and reasonable for Alphera Financial Services to pay £2,587.15 to Mr H to reimburse him for those costs and to pay interest on £1,800 (which is the £2,500 less the payment of £700 that Mr H received from the selling dealer) and £787.15. I find that it would also be fair and reasonable for Alphera Financial Services to pay for the repairs required to the car's tyre pressure monitoring system.

The issues with the car and subsequent events have caused distress and inconvenience for Mr H. I find that it would also be fair and reasonable for Alphera Financial Services to pay £150 to Mr H to compensate him for that distress and inconvenience. The investigator said that Alphera Financial Services should remove any adverse information from Mr H's credit file in relation to the agreement. If it has reported any adverse information about the hire purchase agreement to the credit reference agencies, I find that it would also be fair and reasonable for it to ensure that that information is removed from Mr H's credit file.

### **My final decision**

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

1. Pay £2,587.15 to Mr H to reimburse him for the costs that he's incurred.
2. Pay interest on the amounts of £1,800 and £787.15 at an annual rate of 8% simple from the date of each payment to the date of settlement.
3. Pay for the repairs required to the car's tyre pressure monitoring system.
4. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr H's credit file.
5. Pay £150 to Mr H 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 H 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 H to accept or reject my decision before 11 September 2025.

Jarrold Hastings  
**Ombudsman**