

The complaint

Mr S complains about a car supplied under a hire purchase agreement, provided by BMW Financial Services(GB) Limited trading as ALPHERA Financial Services ('BMWFS').

What happened

Around March 2024 Mr S acquired a used car under a hire purchase agreement with BMWFS. The car is listed with a cash price of £24,950 on the hire purchase agreement, was around a year old and had covered around 2,262 miles. Mr S paid a deposit of £5,000.

Unfortunately, Mr S says the car developed issues. He says it had problems with a noise from the steering wheel, a seatbelt malfunctioning, the air-conditioning and the windscreen washers. He says he took it to a manufacturer's garage to get repaired under warranty. But, he said he was told the car wasn't covered under warranty as it had been in an accident and not repaired using the correct parts.

Mr S complained to BMWFS at the end of May 2024. He said when he acquired it the car was advertised with a full manufacturer's warranty, and he was specifically told it hadn't been in an accident. He asked to reject the car.

In June 2024 BMWFS wrote to Mr S. It said, in summary, that Mr S would need to have evidence that "proves you categorically asked the retailer if the vehicle had been in an accident, and they knowingly provided false information" to reject the car. BMWFS said the supplying dealer was willing to repair the car, or he could take it to a local repair centre.

Mr S contacted BMWFS and said he wanted the car repaired at a manufacturer's garage. But he said the dealer refused to tell him the name of where it was intending to have repairs carried out. Mr S also said the car had been advertised with one previous owner, but he found out it had two. Mr S again asked to reject the car.

At the beginning of July 2024 BMWFS issued its final response to the complaint. This said, in summary, that the car had been in an accident, but the damage had been repaired. It said the car needed a new ABS sensor, steering rack and "investigation on the SOS battery backup". BMWFS said an estimate Mr S had provided seemed excessive and asked him to get alternative quotes.

BMWFS also noted in a video from the manufacturer's garage the mechanic had explained that there was damage to the bumper and signs of 'plastic welding'. It also said a non-genuine shock had been used for repair.

BMWFS said it would support the repairs to the car. And it offered a refund of two monthly payments under the agreement.

Mr S responded and said the car was not as described and he didn't accept the offer of a repair. Mr S again asked to reject the car.

Mr S remained unhappy and referred the complaint to our service. He reiterated the points

made to BMWFS.

Our investigator issued a view and upheld the complaint. In summary, she said she thought the car had been misrepresented to Mr S due to the number of owners and the warranty.

She said Mr S should be allowed to reject the car, be refunded the cost of the health check and she said BMWFS should pay Mr S £150 to reflect what happened.

Mr S responded and said he agreed with the findings. He also emailed and explained the car had been returned for repairs as he was concerned about driving it. But he said he wasn't happy everything had been put right and so hadn't collected it. He then later confirmed he had collected the car, but explained it still wasn't covered under a manufacturer's warranty.

BMWFS initially didn't respond. So, the complaint was passed for an Ombudsman's decision.

BMWFS then did respond. It said the car was under the manufacturer's warranty. And it said the offer it made was fair.

Our investigator then issued a second view. She said she didn't think BMWFS had taken into account that the manufacturer had explained the car wasn't under warranty due to incorrect parts being used to repair the car. She asked BMWFS to send specific information from the manufacturer showing the car was in fact covered.

Mr S responded and said he was shocked BMWFS thought the car had a manufacturer's warranty. And he showed a photo of the dash showing the mileage as 17,184 miles. BMWFS responded and said it still thought the complaint should not be upheld.

As BMWFS remained unhappy, the complaint was passed to me to decide.

Mr S then explained the car had required further repairs in June 2025 and said he's spent £245 on fixing a ball joint and the 'OSF anti roll bar'.

I sent Mr S and BMWFS a provisional decision on 11 June 2025. My findings from this decision were as follows:

Mr S complains about a car supplied under a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Mr S's complaint against BMWFS.

There are several issues to cover off in this decision. Firstly, our investigator said she didn't need to consider whether the car was of satisfactory quality as this didn't affect the outcome. But, I think it's worth commenting on this given the history of what happened here and what this adds to the overall picture.

Satisfactory quality

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – BMWFS here – needed to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description.

So, in this case I'll consider that the car was used. This means I think a reasonable person would not have the exact same standards as for a brand new model. But, the car was only around one year old, had covered well under 2,500 miles and cost £25,000.

I'll cover off the description of the car in detail in a later section, but it should also be noted it was described in the advert as "EXCELLENT" and "DRIVES FAULTLESS". So, I think a reasonable person would still have very high expectations for its quality, expect it to be in excellent condition and free from any faults.

I think in this case it's quite clear the car wasn't of satisfactory quality when supplied to Mr S.

I say this as I've seen a copy of a manufacturer's health check dated 28 May 2024. This said:

"Car has been involved in an accident"

"O/S/F abs and brake wear sensor damaged"

From the same garage I've seen an online report stating:

"O/S/F ABS and brake wear sensor damaged - requires replacement"

"Steering rack requires replacement"

"Fault in memory for SOS backup battery - requires investigation"

The fact the car had been in an accident is a contentious issue and one I'll return to. But, considering the age, mileage, price and description of the car it's very clear to me a reasonable person would not expect the car to need these repairs within a few weeks of Mr S getting it.

It follows I find the car was not of satisfactory quality when supplied to Mr S.

I have considered the very recent issues with the roll bar and ball joint that needed replacing.

Mr S said the mechanic asked if the car had been in an accident and said these parts shouldn't need to be replaced at this age and mileage. And I have noted these were apparently to the off side front, where the other damage was located.

That being said, beyond what Mr S said here, I have no other evidence to consider in relation to this specific point. As I've already found the car was of unsatisfactory quality, this wouldn't affect the outcome of the complaint. So, I don't need to make further findings in relation to these recent issues.

It's worth at this point in the decision to consider the offer BMWFS made to put things right. Under the CRA, Mr S would have a right for the car to be repaired. BMWFS offered to do this and to return two monthly payments.

To be fair to BMWFS, if considering satisfactory quality only, I think this would've been a reasonable offer to put things right for Mr S and I can see why it considered this fair for this issue in isolation.

But, satisfactory quality is not the only issue raised by Mr S. So, I'll consider if the offer would still be reasonable when considering the other complaint points.

General description of the car

As well as goods being of satisfactory quality, the CRA also explains that under a contract to supply goods, “the goods will match a description”.

I’ve seen a copy of the advert text that Mr S says he saw before he got the car. In terms of its general condition this states:

“Excellent bodywork”

“DRIVES FAULTLESS”

All parties are in agreement that the car had been in a collision and repaired. And BMWFS has noted the car had ‘plastic welding’.

I appreciate the description of the bodywork is open to interpretation for exactly what ‘excellent’ means. But, considering the car was only around a year old and had only covered around 2,250 miles, I’m satisfied the description of “excellent bodywork” is not met when taking into account the accident damage and ‘plastic welding’.

I’ve also considered the fact the advert contained the text “DRIVES FAULTLESS”. But I’ve already found the car had faults with it. So, I’m satisfied this description wasn’t met either.

There is a further point to consider here which is whether this also means the car was misrepresented to Mr S. A misrepresentation would’ve taken place if Mr S was told a ‘false statement of fact’ which induced him into entering into the contract when he otherwise would not have.

I’m satisfied the wording “EXCELLENT BODYWORK” is more of an opinion about the car rather than a ‘statement of fact’ as this is somewhat subjective. But, I think “DRIVES FAULTLESS” is a statement of fact. As above, I’m satisfied this wasn’t the case. I’m satisfied Mr S wouldn’t have entered into the contract if he’d have understood that the car didn’t in fact drive faultlessly. And so, I find it was also misrepresented to him here.

Warranty

It isn’t in dispute that the car was advertised as having a manufacturer’s warranty. The advert states:

“UNDER MANUFACTURES (sic) WARRANTY”

What is in dispute here is whether this was the case or not. Mr S has explained he took the car to a manufacturer’s garage for an initial repair, who told him the warranty was invalid because of the accident damage and repairs. BMWFS has said the car is under the warranty.

From the manufacturer’s website, this explains all new cars have a three-year warranty.

I’ve looked at the current warranty terms and conditions from the manufacturer online. These state:

“Minor accident damage will not automatically invalidate the warranty. Any damage must be repaired by a competent repairer to the Manufacturer’s standards”

Thinking about the issues here – the steering rack, ABS and nonstandard parts fitted, I think it’s most likely the car wasn’t repaired to the manufacturer’s standards.

I’ve also considered that Mr S has been very consistent in his testimony here. And I think

when the car was first returned to the manufacturer, if a full warranty was in place, it would be likely the repairs would've been carried out – as this was what Mr S seemed to want at the time.

Even if the warranty was still in place, it appears certain parts wouldn't be covered because of the car's history – for instance the warranty terms explain the following aren't covered:

“Damage or defects as a result of the installation of parts, components, software or accessories not authorised by (‘manufacturer’).”

“Damage or defects which may be attributable to accident damage”

“Damage to components, equipment or software which were not part of the vehicle at the point of original manufacture”

So, even if the warranty was in place, I find the car wouldn't be fully covered, which I think would at least be somewhat misleading.

Thinking about all of this, I'm more persuaded by Mr S's version of events here. I find on balance it's most likely the car wasn't covered under the manufacturer's warranty. It follows I find it was also not as described due to this issue.

I've thought about a misrepresentation here. Considering the above, I find it likely Mr S was told a false statement of fact about the car. I can see on this car why being under the original warranty would be very important to Mr S. And I think it's likely if he was told this wasn't the case, he likely wouldn't have entered into this agreement and instead found another car.

It follows I'm satisfied the car was misrepresented to him in relation to the warranty.

Accident damage

Mr S says he was specifically told the car hadn't been in an accident when he was considering acquiring it. This is something of a difficult point to evidence either way. And I need to consider the specifics here – it appears the car was HPI clear. So, if for instance Mr S was told it wasn't on a register as being in an accident, or was HPI clear, this would actually have been correct.

Given the lack of evidence, I haven't seen enough to persuade me it's most likely this specific point meant the car was misdescribed or misrepresented to Mr S.

Number of owners:

I've then considered the point raised about the number of owners the car had. I've seen from the advert text:

“1 owner”

“1 OWNER”

I've seen a copy of an HPI check that states:

“Number of Former Keepers 2”

So, I find the car was advertised as one former owner, but in fact had two former keepers.

And so this would mean under the CRA the goods didn't match the description.

I've also considered a misrepresentation here. I'm satisfied it's clear a false statement of fact has been made.

I can see why only having one owner at this particular car's age would be important to Mr S and why having had two owners in a short space of time, and then being available for supply again, may have caused concern. I think considering this, Mr S would have not entered into the contract if he understood the car had two owners. So, I also find the car was misrepresented for this reason.

Summary

In summary, I find the car wasn't of satisfactory quality when supplied to Mr S. I also find in terms of the general condition of the car the goods didn't match the description and was misrepresented as "FAULTLESS". I find it likely the car didn't match the description for having a manufacturer's warranty and was misrepresented to Mr S for the same reason. And I find the car was also not as described, and misrepresented to Mr S, due to the number of previous owners.

It's also worth explaining to both parties that I'm considering the cumulative nature of the problems. In isolation these may not be as significant, and this decision does not hinge on a single issue. But together these problems paint the picture of Mr S clearly not being supplied with the car he was expecting.

I've considered what would be fair and reasonable to put things right under these circumstances.

As I originally commented, I think BMWFS' offer to put things right might have been reasonable had the only issue been satisfactory quality. But, this doesn't resolve the other problems in this case and would not put right the issues around the goods not being as described and misrepresented.

Thinking about Mr S's rights under the CRA, I'm satisfied he had a right to reject the car when he asked. So, I think it's fair and reasonable he is now allowed to reject the car.

I've considered Mr S's use of the car. It's possible at times that it wasn't performing as it should. But there is little evidence to show the extent of this or if it impaired the use of the car to the point where an award should be made. And I don't know the specific dates involved for when any repairs happened. I've also considered that Mr S has covered a significant mileage in the car. I find BMWFS can retain all the monthly payments made, but this may change if either party provides further evidence in relation to this.

It also isn't clear how long Mr S was without the car when it was recently, and initially repaired, or if he was provided a courtesy car. So again, I'll consider any information provided about this in my final decision.

Mr S recently explained he had the car MOT'd and fully serviced. If the car is rejected, he won't have the benefit from these expenses. So, if he provides evidence of these costs, I will include these to be reimbursed in my final decision.

Our investigator also said Mr S should be reimbursed for the cost of the health check where the issues were diagnosed. This seems reasonable to me, and I will include this in my final decision if Mr S can provide an invoice or receipt.

Mr S has explained he paid out £245 for recent repairs to the ball joint and anti roll bar. Even though I didn't make a finding about these issues in relation to satisfactory quality, he won't

get the benefit of these costs. And so I think it's fair these are reimbursed – if he produces valid evidence of the amount paid.

I also agree with our investigator that Mr S has been caused distress and inconvenience here. I think it must have been upsetting to realise the car had issues so soon after he got it, and he's had to spend time and effort to resolve things. But this had been going on for some time now and Mr S has had to take the car to be looked at multiple times. So I find BMWFS should pay him an increased amount of £250 to reflect this.

I gave both parties two weeks to respond with any further comments or evidence.

BMWFS didn't respond.

Mr S agreed with the decision and sent some further evidence of costs for me to consider.

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 S explained he agreed with the findings of the provisional decision. And he sent in some further evidence of costs he'd incurred in relation to the car that I mentioned.

Mr S provided an invoice for £245.40 dated 2 July 2025 for the ball joint and anti-roll bar to be replaced.

Mr S also provided a invoice for servicing for a total of £433.69 from 24 March 2025.

As I set out in my provisional decision, I think Mr S should be reimbursed these costs. I have considered that the service was now carried out around four months ago. So Mr S will have had some benefit from this but considering the overall picture again along with what I recommended I still find it fair and reasonable that this is returned.

Having thought about all the other evidence and arguments again, I still think the complaint should be upheld for the reasons set out above.

My final decision

My final decision is that I uphold this complaint. I instruct BMW Financial Services(GB) Limited trading as ALPHERA Financial Services to put things right by doing the following:

- end the finance agreement ensuring customer is not liable for monthly rentals after the point of collection (it should refund them any overpayment for these if applicable);
- take the car back (if that has not been done already) without charging for collection;
- reimburse Mr S's deposit of £5,000*
- reimburse £433.69 from the invoice dated 24 March 2025*
- reimburse £245.40 from the invoice dated 2 July 2025*
- pay Mr S £250 to reflect what happened
- remove any adverse information from Mr S's credit file in relation to this agreement

* These payments to Mr S should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If BMWFS considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 August 2025.

John Bower
Ombudsman