

The complaint

Miss G has complained about the quality of a car she acquired using finance from BMW Financial Services(GB) Limited ('BMWFS').

What happened

In September 2023, Miss G entered into a finance agreement with BMWFS for a brand new car. But, in April 2024, she contacted the dealership because she was experiencing issues with the car's multimedia system. The dealership manually reset the system, and advised Miss G to do the same if the issue happened again.

In July 2024, Miss G again contacted the dealership, as the problem had recurred multiple times. But the dealership couldn't replicate the problem or find its cause.

In August 2024, Miss G had further contact with the dealership, as the issue persisted. Further, she said the emergency braking system had also kicked in twice, when it shouldn't have done. The car was booked in to be looked at, and Miss G also complained to BMWFS.

BMWFS responded to say that the dealership had said the iDrive connectivity was a known issue. It had now replaced the head unit. BMWFS said to contact it for help if the problem persisted, and offered £150 compensation.

Miss G then contacted our service, and said the problem is still presenting itself.

One of our investigators looked into what had happened. She explained that the car was brand new, so it's fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car. And that it could be used – free from defects – for a considerable period. However, she was satisfied there was a fault with the car, which is a known issue. So, she thought it likely there was a manufacturing fault.

To put things right, and given that Miss G didn't want further repairs, she thought it fair that Miss G be able to reject the car, and have her deposit refunded. But, as she'd had a courtesy car when her car was being looked at, she didn't think any monthly repayments needed to be refunded.

As regards the £150 compensation, our investigator thought this should be increased to £250. This was because the issues had persisted after the offer of the compensation, and because Miss G hadn't had full enjoyment of the car.

BMWFS disagreed, and maintained there's no manufacturing fault.

Miss G asked whether she could be refunded the premium she'd paid for her GAP insurance.

The complaint was then passed to me. I issued a provisional decision, which I set out below.

I'm satisfied the car wasn't of satisfactory quality. I say this because I find Miss G's testimony about the issues she's experienced to be persuasive. It's also notable that the dealership said the fault is a known one. This is not something a consumer should expect in a brand new car.

Despite work being carried out on the car, I'm satisfied that Miss G is still experiencing issues, as she has explained. So, I now think it reasonable that she be able to reject the car and have her deposit returned.

I also think it fair that she be refunded a proportion of her monthly repayments, from when she first reported the issues onwards. This is to address her loss of enjoyment of the car, which the faults inevitably caused. This isn't an exact science, but I think a fair proportion would be 10% of these repayments.

I've also considered the issue of Miss G's insurance policies – both GAP and motor insurance. She's had the benefit of both of these policies, insofar as if there'd been an accident, she could have relied upon them. So, I don't think her premiums should be refunded. However, she'll have to cancel them (or transfer them to another vehicle) when she returns this car, and this will likely incur admin fees. This wouldn't happen had the car been of satisfactory quality. So, I think BMWFS should pay her for these consequential losses, if she shows she incurs them.

I'm also satisfied that BMWFS should pay Miss G a further £100 compensation – bringing it to a total of £250 – in recognition of the distress and inconvenience caused by issues persisting after its initial compensation payment.

Miss G accepted my provisional decision, but raised a query about the provider of her GAP insurance. BMWFS didn't respond.

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'm not departing from my provisional decision, as neither party has added anything further. I therefore adopt my provisional decision, as my final decision.

I note Miss G raised a query about her GAP insurance provider. This is an admin point that I'm satisfied our investigator has contacted Miss G about, and has no bearing on my findings.

Putting things right

To put things right, BMWFS should:

- collect the car at no cost to Miss G, and end the agreement with no further monthly repayments due;
- refund the £3,000 deposit in full, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund 10% of the monthly repayments Miss G has made, from and including the date Miss G first reported the problem in April 2024, adding 8% simple interest a year, from the date of each repayment to the date of settlement;
- pay Miss G any admin fee incurred for the cancellation/transfer of both her GAP and

- motor insurance policies, upon proof of her incurring these charges;
- pay Miss G a total of £250 compensation for the distress and inconvenience caused; and
- mark the agreement as settled on Miss G's credit file.

My final decision

It's my final decision to uphold this complaint, and require BMW Financial Services(GB) Limited to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 16 September 2025.

Elspeth Wood
Ombudsman