DRN-5735307

The complaint

Mr A complains that the car he acquired through BMW Financial Services(GB) Limited ("BMW") wasn't of satisfactory quality. He says its offer of compensation is insufficient.

Mr A is represented in his complaint. For ease of reading, any reference to "Mr A" refers to testimony from both Mr A and his representative.

What happened

Mr A entered into a hire purchase agreement in January 2024 to acquire a used car. The cash price of the car was £34,850, and after taking account of Mr A's advance payment, the balance was to be repaid through the credit agreement which was set up over a term of 60 months. Mr A's monthly payments were £528.36, resulting in the total repayable under the agreement, if it ran to term, being £41,907.60.

Mr A told us:

- Within 24 hours of delivery, the car broke down, and a mechanic later confirmed that the servicing had not been carried out correctly, and the car had engine issues;
- the car was collected and repaired, but shortly after it was returned to him, the car broke down again and had to be returned to the supplying dealership;
- over the first six months of ownership, the car was returned five times for repairs – so he only had the car in his possession for around 25 days in total before it was returned in June 2024;
- the car simply was not fit for purpose;
- during the repairs, he was provided with courtesy cars – once from BMW, the other times from his warranty provider. And he says that the supplying dealership recovered the repair costs from the warranty provider – so it benefitted financially from the repeated breakdowns of the vehicle it sold;
- throughout the period of having the car, he made all his required monthly payments, even though he did not have use of the car;
- BMW has only offered him 25% refund of the monthly rentals, and he says this is insufficient;
- the situation has caused him inconvenience and stress and placed an unnecessary financial burden on him.

BMW acknowledged there had been numerous faults within the first six months, and it explained that it was happy to support rejection of the car. It said that the supplying dealership had settled the credit agreement, and it would arrange to refund Mr A 25% of the monthly rentals. It said this was fair and took into account the mileage driven and the fact that he'd been provided with courtesy cars for much of the time.

BMW told this Service that the car quality issues began within two days of Mr A's ownership and had been re-occurring for six months. It said during this time, Mr A only had use of the car for three weeks and four days, and it was on this basis, together with the fact he'd had use of a courtesy car, that redress had been calculated. BMW confirmed it had returned Mr A's deposit as well.

Unhappy with BMW's redress, Mr A brought his complaint to this Service. He'd told BMW that it had misunderstood his complaint; it *"was not about being reimbursed for the time without use of the vehicle, but rather to request a refund of the payments I made towards a vehicle that was unfit for purpose…"* And he said courtesy cars were provided as a goodwill gesture, rather than in lieu of his payments.

Our Investigator looked at this complaint and said that he thought it should be upheld. He noted that BMW had already accepted rejection of the car, and he said that the redress offered was mostly in line with what this Service would've asked of it. But he did say that he couldn't ask BMW to fully refund four of the five monthly payments made by Mr A as he'd had use of a courtesy car – and had been kept mobile.

He said he'd considered the fact that the courtesy car was a lower model than the car Mr A had paid to acquire, and because of this, BMW should refund Mr A 25% of the monthly rentals paid by Mr A. Our Investigator also recognised the distress and inconvenience experienced by Mr A, and he asked BMW to pay some additional compensation.

Mr A disagreed with the recommendations, so the complaint comes to me to decide. He says BMW shouldn't profit from the fact that the courtesy car was provided under a warranty, and it also claimed parts and labour costs under the warranty resulting in a financial gain for BMW. He says BMW were quick to offer courtesy cars while benefiting financially, without resolving the underlying reliability issues of the car.

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.

I hope that Mr A won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr A should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

Having considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

The credit agreement entered into by Mr A is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. BMW is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory".

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a vehicle purchase, will include things like the age and mileage of the vehicle at the time of sale, and the vehicle's history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

I'm pleased to see that once it had completed its investigation, BMW accepted the rejection of the car.

Like our Investigator, I'm satisfied that BMW's way of putting things right is broadly in line with what this Service would expect. We'd typically ask the business to:

- end the credit agreement and remove any adverse information from the customer's credit file in relation to the credit agreement;
- arrange collection of the car;
- refund the customer's deposit and;
- pay some compensation if the customer experienced distress, worry, anxiety and inconvenience because faulty good were supplied.

And I can see BMW has incorporated *most* of these things when it brought Mr A's complaint to a conclusion. So, the only outstanding matters, it seems to me, are the number of monthly rentals that should be refunded, and a compensation award in respect of the distress and anxiety caused to Mr A.

Refund of monthly rentals

I need to tell both parties that calculating this is not an exact science. The car was faulty and there was a period of a time when Mr A could not use it, so he should get some money back. But for much of this time, Mr A was kept mobile – he had use of a courtesy car, even if it was a slightly lower specification than the car he acquired – so his inconvenience in *this* respect was kept to a minimum.

So, I'm not going to ask BMW to refund all his monthly rentals as he's requested. But I recognise that his usage of the car was impaired, and his enjoyment of it was adversely affected.

Looking at everything in the round, I think the fair and reasonable way to settle this complaint is for BMW to refund Mr A 25% of his monthly rentals with statutory interest applied to it.

Distress and inconvenience

Mr A has explained the frustration, worry and anxiety that this whole episode caused, and how it was exacerbated by the time it has taken to resolve this matter. Accordingly, I'm going to ask BMW to pay the £150 compensation recommended by our Investigator.

My award of £150 in compensation is in recognition of the of the frustration and distress I believe he experienced. It was not to *punish* BMW as this is not the role of this Service.

This Service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the Regulator, in this case the Financial Conduct Authority.

The role of this Service is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case BMW – has done anything wrong. And, if it has, I'll seek to put the consumer back in the position they would've been in if those mistakes hadn't happened.

Taking everything in the round, I'm satisfied that the redress suggested by our Investigator is both fair and reasonable in the circumstances of this complaint, and I'm going to direct BMW to compensate Mr A accordingly.

Putting things right

I direct BMW Financial Services(GB) Limited to put things right by doing the following:

- Ending the credit agreement with nothing further to pay (if it hasn't already done so);
- Removing any adverse information from Mr A's credit file in relation to the agreement (if it hasn't already done so);
- Collecting the car (if this has not been done already) at no further cost or inconvenience to Mr A;
- Refunding Mr A's deposit (if it hasn't already done so);
- Refunding Mr A 25% of his monthly rentals monthly to reflect the fact that he experienced impaired usage of the car, when he could drive it, and had no use of the car when it was being repaired;
- Paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- Paying an amount of £150 (if it hasn't already done so) for the distress, worry, anxiety and inconvenience that's been caused due to the supply of faulty goods.

*HM Revenue & Customs requires BMW Financial Services(GB) Limited to take off tax from this interest. BMW Financial Services(GB) Limited must give Mr A a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and require BMW Financial Services(GB) Limited to fairly settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 October 2025.

Andrew Macnamara
Ombudsman