

The complaint

Mrs W is unhappy that a car supplied to her under a hire purchase agreement with BMW Financial Services (GB) Limited trading as Alphera Financial Services ('BMWFS') was of an unsatisfactory quality.

What happened

In August 2024, Mrs W was supplied with a used hybrid car through a hire purchase agreement with BMWFS. She paid an advance payment of £1,000 and the agreement was for £31,989 over 49 months; with 48 monthly payments of £524.40 and a final payment of £17,492. At the time of supply, the car was around five and a half years old and had done 60,400 miles (according to the agreement).

Mrs W started to have problems with the car from shortly after it was supplied to her, with acceleration problems, a coolant leak, and two tyres failing when the car was being driven at speed. The car was returned to the supplying dealership in November 2024, but they were unable to diagnose the problem. So, they arranged for the car to be inspected by a manufacturer specialist garage.

This inspection took place in December 2024, when the car had done 66,276 miles. The specialist garage found an issue with the hybrid system when it switched from electric to fuel mode, with a noticeable lag on acceleration. Repairs costing almost £4,800 were carried out. The majority of the cost of these repairs were paid for by the supplying dealership, with Mrs W contributing £367.20.

However, problems with the car continued and, in February 2025, an independent garage inspected the car and confirmed there was a delay on acceleration which was possibly related to a hybrid issue. Mrs W stopped using the car at this point and complained to BMWFS, who arranged for the car to be inspected by an independent engineer.

This inspection took place on 8 April 2025, when the car had done 67,283 miles. The engineer found that, while the car worked as expected on the fuel engine, there was an issue with the electric engine that was causing, amongst other things, a delay when the accelerator pedal was pressed down. However, the engineer was unable to conclude if the issue with the car was present or developing when it was supplied to Mrs W.

BMWFS didn't issue a response to Mrs W's complaint, so she brought the matter to the Financial Ombudsman Service for investigation.

Our investigator was satisfied there was a problem that made the car of an unsatisfactory quality at the point of supply. And, as the attempted repair in December 2024 / January 2025 failed to resolve the problem, Mrs W should now be allowed to reject the car with a refund of the deposit she paid.

The investigator also recommended that Mrs W should receive a refund of 15% of the payments she made up to January 2025; a full refund of the payments she paid from February 2025 onwards; a refund of the diagnostic and repair costs she'd incurred; a refund

of the road tax and insurance costs from February 2025; and £250 compensation for the trouble and inconvenience she'd been caused.

BMWFS agreed that Mrs W should be allowed to reject the car and said this was offered to her on 25 June 2025, but she refused to accept this. So, they didn't think it was fair for them to cover the costs from this point onwards. They also didn't agree they should refund 15% of the payments to January 2025, as they weren't made aware of any issues with the car until February 2025, and they didn't agree to refund the tax and insurance costs, as Mrs M was contractually obliged to tax and insure the car.

Finally, BMWFS said that replacement tyres were a maintenance item, so they should not be responsible for these costs, and they raise the issue of excess mileage and potential damage to the car that fell outside of normal fair wear and tear.

Mrs W also didn't agree with the investigator's opinion. She said that the car was in the garage being repaired for three of the first six months, and she incurred additional transport costs as no courtesy car was provided. She also explained the impact the loss of the car had on her family members, so she didn't think the recommended £250 was sufficient.

The investigator revised their opinion, saying that BMWFS should also refund the payments Mrs W paid from November 2024 to January 2025, to reflect that she didn't have the car available for her to use. BMWFS still didn't agree, saying that the fact the supplying dealership had been trying to recover the car to allow for rejection since June 2025 hadn't been considered.

The matter was reviewed by a different investigator, and they said that BMWFS weren't responsible for the cost of the tyre replacement as they were replaced due to punctures and not because of the hybrid issues with the car. They also said that BMWFS should only be responsible for the tax and insurance costs after June 2025, when the car should've been rejected.

The new investigator didn't think BMWFS should refund 15% of the payments made up to January 2025, but they did think all the payments from November 2024 should be refunded, as the car was either in for repair or undrivable since this point. They also said the repair and inspection costs Mrs W incurred should be reimbursed, and that the compensation should be increased to £500.

Mrs W accepted the revised compensation recommendation, but BMWFS still disagreed they were responsible for the road tax and insurance costs as Mrs W wouldn't allow the car to be collected before knowing if she was liable for any excess mileage or damage charges – something that couldn't be assessed without the car being collected and inspected.

Mrs W agreed she was liable for the tax and insurance costs, but BMWFS again raised the issue of refunding payments from November 2024 and thought only refunding payments from February 2025 was fair. As no agreement has been reached, this matter has been passed to me to decide.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete

or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mrs W was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, BMWFS are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless BMWFS can show otherwise. So, if I thought the car was faulty when Mrs W took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask BMWFS to put this right.

In this instance, it's not disputed there was a problem with the car supplied to Mrs W, nor that this fault was present when the car was supplied to her. And the car was collected from Mrs W on 21 August 2025. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think BMWFS should do to put things right.

Putting things right

The car has been collected from Mrs W, and BMWFS have confirmed that they have treated this as a rejection. In line with what we would normally expect, BMWFS should also refund the deposit Mrs W paid.

The car initially went back to the supplying dealership for diagnosis and repair in November 2024 and was not returned to Mrs W until late January 2025. She then stopped using the car on 1 February 2025 and it wasn't used until it was collected from her on 21 August 2025.

During this period, Mrs W wasn't supplied with a courtesy car. As such, she was paying for goods she was unable to use. As, for the reasons already stated, it's not disputed that the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as BMWFS failed to keep Mrs W mobile; I'm satisfied they should refund the payments she made during this period.

In saying this, I have considered BMWFS's comments about the mileage. However, the mileage travelled when Mrs W had use of the car has no bearing on the period, she was unable to use the car but was still paying for it. So, I won't be making any adjustments to the payment refund for the mileage. The agreement Mrs W signed has an excess mileage clause and, if Mrs W has exceeded the mileage allowable under that clause, then BMWFS are entitled to charge her for this.

Mrs W was also charged a proportion of the unsuccessful repair in January 2025, and she paid for the car to be inspected again in February 2025. Given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that BMWFS reimburse these costs.

Finally, I think Mrs W should be compensated for the distress and inconvenience she's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available. This means that, although Mrs W has explained the impact on her family, as she is BMWFS's customer I can only consider the direct impact on her.

I note our investigator also recommended BMWFS pay Mrs W an additional £500 to recognise the distress and inconvenience caused, and they haven't specifically objected to this figure. Having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing BMWFS to make

Therefore, if they haven't already, BMWFS should:

- treat the agreement as being ended by the right of rejection on 21 August 2025, ensuring Mrs W is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- refund any costs for the collection of the car that may have been charged to Mrs W;
- remove any adverse entries relating to this agreement from Mrs W's credit file;
- refund the deposit Mrs W paid (if any part of this deposit is made up of funds paid through a dealer contribution, BMWFS is entitled to retain that proportion of the deposit);
- refund the payments Mrs W made from November 2024 until the agreement was ended in August 2025;
- upon receipt of proof of payment, reimburse Mrs W the repair and diagnostic costs she incurred after November 2024;
- apply 8% simple yearly interest on the refunds/reimbursements, calculated from the date Mrs W made the payments to the date of the refund[†]; and
- pay Mrs W an additional £500 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (BMWFS must pay this compensation within 28 days of the date on which we tell them Mrs W accepts my final decision. If they pay later than this date, BMWFS must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires BMWFS to take off tax from this interest, BMWFS must give Mrs W a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Mrs W's complaint about BMW Financial Services (GB) Limited trading as Alpera Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 9 February 2026.

Andrew Burford
Ombudsman