

## The complaint

Mrs A has complained that she is unhappy with the quality of a car she acquired in May 2024, using a hire purchase agreement with BMW Financial Services (GB) Limited, trading as ALPHERA Financial Services (“BMWFS”).

## What happened

Mrs A acquired a used Peugeot in May 2024, using a hire purchase agreement with BMWFS. The car cost £14,700, of which Mrs A borrowed £13,240 over a 49-month term. The monthly repayment was £208.36, with a final payment of £8,010 if Mrs A wants to keep the car. The car was two years and nine months old at the point of supply, and the mileage stated on the invoice was 7,353. The supplying dealership arranged the finance for the car through a broker.

At the end of January 2025 – so around eight months after she acquired the car - Mrs A called BMWFS to say that a few days earlier, a warning light had appeared on the dashboard of the car, and the engine had cut out. She said she had spoken to the supplying dealership, but it wouldn't help as the car was out of warranty, and the manufacturer's warranty had also expired.

Mrs A told BMWFS that she had taken the car to a Peugeot garage, and it had told her the repairs would cost around £3,000. The diagnostic from the Peugeot garage had said that the Engine Management Light (EML) was lit due to a faulty CTP water heater, and there were three items requiring immediate attention at a cost of £2,874.83. Mrs A said she wanted to reject the car.

BMWFS contacted the broker that day to obtain further information, and the broker in turn contacted the selling dealership a few days after that. The broker responded to BMWFS in mid-February with information from the dealership, saying, in summary, that Mrs A had had the car for nearly seven months and had travelled 6,000 miles since acquiring the car, and the warranty period had expired. So the dealership would require evidence that the faults were present at the point of supply.

I can't see that BMWFS contacted Mrs A after receiving this response from the broker, and Mrs A called BMWFS on 3 March 2025 for an update. It doesn't look as though Mrs A was given any information during this call – her request was just noted.

Mrs A told us that said the car had remained at the Peugeot garage until March 2025. She was then told that this garage was closing permanently, and the car had to be moved. Mrs A took the car to another garage, where it was inspected and a number of repairs were carried out. The invoice, dated 21 March 2025, listed the following repairs and checks:

- *“Fitted new battery, and reset system*
- *Noted plastic bags on 2 high voltage cables. It appears that the cables have been unplugged and linked in order to bypass a fault, and to allow the car to drive.*
- *Carried out fault code read:*

- *Heater/air conditioning.*
- *B1003 Control unit, configuration missing*
- *Transmission control lever module.*
- *U1208 Can communications with the Engine control unit, fault in the Can communications.*
- *Fault codes will not clear, and the passenger compartment heating and battery cooling functions are not working.*
- *Recommend further investigation.*
- *Suspect fault with EV coolant heater unit (as diagnosed by Peugeot)*
- *Carried out vehicle shut down procedure and replaced the coolant heater assembly.*
- *Carried out vehicle high voltage reconnection procedure.*
- *Added the correct coolant to the cooling system and carried out bleed procedure.*
- *Cleared fault codes and carried out a road test (no warning lights illuminated and heater system working)”*

The repairs cost £2,629.92 and Mrs A has provided the invoice and receipt to BMWFS and this service.

On the same day, BMWFS emailed Mrs A, asking if there had been any updates with regard to the issues with the car, and saying that it wanted to arrange an independent inspection. This seems to have been the first contact with Mrs A since she called for an update on 3 March.

Mrs A responded to BMWFS to say that she was happy to have the car inspected, but that the repairs had had to be completed. The garage had also told her about a clicking noise when the car was being driven. Mrs A then told BMWFS that after she picked up the car it wouldn't charge, so the garage had asked her to take it back in.

The repairing garage did a separate inspection report for the clicking noise on the same day. which said: *“Clicking noise heard on full lock – suspect Driveshaft CV joint(s) further investigation required”*. Mrs A also sent in a list of numerous error codes noted by the repairing garage when she took the car back in.

BMWFS contacted the broker again, and the broker said it would require an independent inspection to determine liability. BMWFS arranged for an independent inspection, and this was completed on 2 April 2025. The mileage was stated on the report as 14,793.

The inspector noted that the service team at the repairing garage said the charging socket was not locking in and they thought it was causing the problem, but it would need to be investigated. The service team also advised that the previous repair was for the coolant pump.

The inspection report notes the following fault codes:

- *B133E rear window relay control output fault*
- *B133D front window relay control output fault*
- *U1208 Communication on the CAN with the engine management ECU.*

It also said *“The vehicle was connected to the garage charger with the vehicle socket noted as not locking securely. The charging station displayed “waiting for EV and Charge delayed” with no evidence of charging the vehicle”*.

The report concluded that:

- *“I can confirm the vehicle charging system is not operating correctly.*
- *I can confirm three fault codes were recorded but not relevant to today’s issue.*
- *In my opinion the most likely cause of the fault present during today’s inspection would be due to a potential charging point fault. Further investigation under workshop conditions to obtain the root cause of the charging fault present during today’s inspection.*
- *In my opinion it is highly unlikely that the faults present during today’s inspection would have been developing/present at the point of sale.*
- *In my opinion liability for the repairs required would lie with the vehicle owner”*.

BMWFS issued its final response letter in April 2025, saying that, based on the inspection report it would not be upholding Mrs A’s complaint. However, because of the length of time it had taken, it offered Mrs A £150 in recognition of the distress and inconvenience caused.

Mrs A wasn’t happy with this, so brought her complaint to this service. Our investigator looked into it, and thought it should be upheld. BMWFS didn’t agree, so the complaint has come to me for review.

### **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’ve decided to uphold Mrs A’s complaint. I’ll explain why.

I’ve taken account of the relevant law, in particular the Consumer Rights Act 2015, (“CRA”). Because BMWFS supplied the car under a hire purchase agreement, it’s responsible for a complaint about the quality, and there’s an implied term that the car was of satisfactory quality. Cars are of satisfactory quality if they are of a standard that a reasonable person would expect, taking into account all of the relevant circumstances such as (amongst other things) the age and mileage of the car and the price paid. When considering satisfactory quality, I also need to look at whether the car is durable – that is, the components within the car must be durable and last a reasonable amount of time.

There are certain times, set out in the CRA, when a consumer is entitled to reject goods, in this case the car, if they don’t conform to contract – a short term right to reject within 30 days of taking delivery, or a final right to reject if a repair or replacement hasn’t resulted in the car subsequently conforming – that is, it then being of satisfactory quality.

In this case, the car was less than three years old at the point of supply, and the mileage stated on the invoice was 7,353 The price was lower than that of a new car. So it’s reasonable to expect that parts of the car would have suffered wear and tear, and that a car of this age would likely need repair and maintenance sooner than a new car. However, the mileage was a low figure for a car of this age, and in general I don’t think a reasonable person would expect to encounter major faults at an early stage.

Mrs A sent in copies of the information on the investigations and then the repairs from the two garages that looked at the car. BMWFS sent in copies of the sales documents and its email exchanges with the broker (and in turn the supplying dealership), its notes of its contact with Mrs A, and the email exchanges with her, which included documents that Mrs A had sent to BMWFS.

It is clear that there are current faults with the car, and others that have been repaired. The independent inspection report notes three fault codes and a fault with the charging system (although the cause had not then been ascertained). And I have the invoice for the repairs to the faults with the coolant unit and battery completed in March 2025, (which don't seem to have recurred) and a further document from the garage relating to the clicking noise. I don't have evidence to say that the root cause of the current faults has now been identified, or that any further repairs have been completed. Mrs A has said that she hasn't been able to use the car since the faults occurred in January 2025.

The key issue here is whether the car was of satisfactory quality at the point of supply. Having carefully considered all of the evidence, I don't think it was. I say this for the following reasons.

I accept that Mrs H had had the car for nearly eight months, and had driven it for just over 7,000 miles. I don't think this is an unusually high mileage for that period, and indeed the overall mileage was rather low for a car of this age (I note that BMWFS also referenced the low mileage on one of its emails to the broker). I also accept that I don't have details of the previous owner(s) or a service history so I can't say whether their driving patterns may have had an effect – although again given the low mileage the car seems to have had quite limited use before Mrs A acquired it. I should also say here that I have seen nothing to suggest that Mrs A's driving style contributed to the faults that arose on the car.

Looking at the independent inspection report, I can see that the inspector noted a charging point fault and said that it needed further investigation, but he concluded that the faults on the day would not have been present or developing at the point of supply. However, although he was aware of the previous repairs, he made no comment on those faults. I appreciate that his inspection was based on the condition of the car on the day, so his ability to comment on historical repairs would've been limited. But I need to consider them in reaching my decision. The inspector also didn't comment on the clicking noise and potential driveshaft issue highlighted by the repairing garage.

As I noted above, in looking at whether the car was of satisfactory quality, I also need to consider whether the car was durable – that is, the components must be durable and last a reasonable amount of time. In this case, Mrs A had two quite serious defects in the period since she acquired the car.

Online research suggests that EV batteries lose around 2% capacity per year. Mrs A had to have the battery replaced – but I don't think she should reasonably have expected this to happen in a three year old car with low mileage. My research also suggests that the coolant heater unit should reasonably have had a considerably longer lifespan than the mileage on Mrs A's car.

I've also taken into account the clicking noise and potential fault with the driveshaft – although I accept this hasn't been fully investigated and the cause confirmed. But I've no reason to doubt the credentials of the repairing garage, so it seems to me that it would reasonably be able to diagnose the likely source of the fault. Again, a driveshaft should reasonably have an expected lifespan that is considerably longer than the age and mileage of Mrs A's car.

The more recent fault lies with the charging unit, as noted by the repairing garage and the independent inspection report, although again the cause of the issue has not so far been determined. Online research suggests that the charging port is generally designed to last for the life of the car.

In summary, Mrs A has had to have the battery replaced, there is a further fault with the charging port, and a clicking noise that is potentially caused by an issue with the driveshaft. All of these components should reasonably have been expected to have a much longer lifespan than has been the case with Mrs A's car. This leads me to conclude that it was most likely not durable, and therefore was not of satisfactory quality at the point of supply.

On that basis, and as it has already had one major repair, I am satisfied that the complaint should be upheld and that Mrs A is entitled to reject the car and end the contract.

BMWFS raised a number of points in response to our investigator's view. Some I have dealt with above, but there are some additional points. It questioned why Mrs A didn't contact it in the first instance but arranged the repairs herself. However, Mrs A *did* contact BMWFS promptly when the first fault arose – in January 2025 - and as I noted above, whilst BMWFS contacted the broker, it did not make further contact with Mrs A to arrange the independent inspection until the end of March, despite her chasing a response in early March. I think BMWFS had ample opportunity to discuss the issues with Mrs A and agree what information and evidence it needed. I also note that Mrs A did not have a courtesy car and was using public transport for her commute to work. In the absence of any information from BMWFS I don't think it was unreasonable for Mrs A to get the repairs done.

BMWFS also said that the faults occurred outside the warranty period. It's not clear here whether BMWFS is referring to a manufacturer's warranty or one offered by the supplying dealership – but in either case the warranty is not definitive here. I have reached my decision on the evidence and information provided by both parties and taking account of information about the durability of the relevant components.

BMWFS also asked – with regard to the charging point – whether Mrs A had tried charging the vehicle at another charging point to see if that made a difference. The evidence I have shows that Mrs A contacted the repairing garage after she was unable to charge the car, and at the independent inspection both the garage staff and the inspector noted the charging fault, and the inspector noted that the charging system wasn't operating correctly. So I think it's clear that there was an issue with the charging point.

BMWFS further mentioned that the battery replacement should have been covered under a manufacturer's warranty. However, its notes show that when Mrs A made contact in January 2025, she said she'd approached Peugeot and was told the car was out of warranty. And in any case the battery was only one element of the repairs needed. Mrs A also initially took the car to a Peugeot garage where the car was inspected, so I would've expected that garage to identify that a warranty may still have applied. And indeed BMWFS could reasonably have done the same.

I've thought carefully about what BMWFS has said, but it isn't sufficient to alter my conclusion that the car wasn't of satisfactory quality at the point of supply, and therefore that the complaint should be upheld and Mrs A is entitled to reject the car and end the contract.

Mrs A had use of the car until 25 January 2025 but has not used it since because of the problems with it – after it remaining in the garage for several weeks while the initial diagnostics and repairs were completed, she had to take the car back because it wouldn't charge. Mrs A also wasn't provided with a courtesy car. I think it was reasonable for Mrs A to

stop using the car at this point, so I think it fair that BMWFS should refund any monthly payments made after 25 January 2025.

As I have concluded that the car wasn't of satisfactory quality at the point of supply, I also think it fair for BMWFS to refund the cost of the first repairs, this amount being £2,629.92.

The lack of the car has caused a great deal of inconvenience to Mrs A. Her commute to work was significantly longer on public transport, and she was several months' pregnant at the time so the additional travelling made her unwell and as a result she was signed off work. Overall, I think it would be fair for BMWFS to pay Mrs A £300 in recognition of the distress and inconvenience caused.

### **Putting things right**

BMWFS should:

- end the agreement with nothing further to pay;
- collect the car at no further cost to Mrs A;
- refund Mrs A's deposit of £1,460;
- refund all monthly payments made from 25 January 2025 to the date of settlement;
- refund the cost of the initial repairs, this being £2,629.92;
- pay 8% simple yearly interest\* on all refunded amounts from the date Mrs A paid them until the date of settlement;
- pay a further amount of £300 in recognition of the distress and inconvenience that has been caused to Mrs A;
- remove any adverse information from Mrs A's credit file in relation to the agreement (if any has been added).

\*If BMWFS considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs A how much it's taken off. It should also give Mrs A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given above, I have decided to uphold Mrs A's complaint and to require BMW Financial Services (GB) Limited to compensate her as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 21 January 2026.

Jan Ferrari  
**Ombudsman**