

The complaint

Miss N complains that the car she acquired financed through a hire purchase agreement with BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services, (“Alphera”) wasn’t of satisfactory quality. She further complained about reporting on her credit file, the vehicle’s valuation and mis-sale of the extended warranty.

What happened

In July 2024 Miss N acquired a used car financed through a hire purchase agreement with Alphera. Miss N said shortly after receiving the vehicle she experienced the car pulling to the right. She said the fault has persisted despite multiple attempts to have it diagnosed and repaired. She raised a complaint with Alphera. She also complained that the vehicle had been over-valued and she had been mis-sold the warranty.

Alphera didn’t address the complaint within eight weeks so Miss N brought it to our service. Alphera eventually issued a final response and did not uphold the complaint. It said there was no evidence to suggest or confirm that there was a fault with the car and when supplied it was of satisfactory quality. Alphera acknowledged the length of time taken to address the complaint and made an offer of £200 for any distress and inconvenience. Miss N did not accept this.

Our investigator concluded that while Miss N had experienced some issues with the car that required attention a fault with the steering could not be evidenced. She advised that Alphera has a duty to report correct information to credit reference agencies. Our investigator also explained that the balance outstanding on the agreement did not represent the cash value of the car due to interest charged. Miss N disagreed and asked for a decision from an ombudsman. She made some additional comments to which I have responded below where appropriate.

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.

First, I’ve seen that Miss N has made numerous points in support of her complaint. I know that I’ve summarised it in far less detail and in my own words. I’m not going to respond to every single point made by Miss N. No discourtesy is meant by this. Instead, I’ve focussed on what I think is the crux of the complaint. Our rules allow me to do this. This simply reflects the informal nature of our service. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual point to be able to reach what I think is the right outcome.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator’s rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Miss N's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Satisfactory quality

Alphera, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Miss N. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car was about four years old, had been driven for 45,549 miles and had a price of £14,480. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

If I am to decide the car wasn't of satisfactory quality I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality. This is because a second-hand car might be expected to have faults related to reasonable wear and tear.

From the information provided I'm not persuaded there was a fault with the car which would render it not of satisfactory quality at the point of purchase. Miss N has said the car is pulling to the right while driving and that she reported this multiple times. I can see from evidence provided that Miss N has had the steering looked at on the following occasions:

- September 2024 – by Garage K. Miss N reported persistent pull to the right at higher speeds. K carried out a wheel alignment which was later reimbursed by the broker as a gesture of goodwill with no admission of liability.
- October 2024 – second visit to K. No fault was detected.
- November 2024 – by Garage A. Miss N reported that the technician reset the drive assist function but could not provide a definitive diagnosis. She was advised that the symptoms might be due to tramlining but she said the reset did not resolve the issue.
- January 2025 – by Garage H. H did a vehicle inspection. Miss N said when she raised the issue of the vehicle pulling to the right, she was advised that no fault had been identified during the inspection but that the previously observed wear and tear could potentially have contributed to the symptoms. Miss N said H provided a video of the vehicle inspection. While this was available to our investigator to view, the link to the video had expired. I asked Miss N for a new link but one wasn't provided. However, I'm not persuaded it would have been helpful as by her own testimony Miss N said H failed to find a fault with the steering.

I'm not disputing Miss N when she says the steering is or was pulling to the right. And her concern about it is evident because she's had the car looked at several times. But no specific fault has been identified. Garage A diagnosed "*tramlining due to small wheelbase,*" which it didn't characterise as a fault. It said:

"Condition: The vehicle exhibits a tendency to follow road grooves or ruts, leading to instability and unwanted steering inputs.

Cause: The primary cause is the vehicle's small wheelbase, which reduces lateral stability. A shorter wheelbase makes the vehicle more responsive to road irregularities, amplifying tramlining effects."

In its inspection Garage H identified several other faults that required attention, unrelated to the steering, including

- O/S dip beam inoperative / defective – red
- Engine oil level just over max level mark – amber
- Passenger rear tyre measurements – amber
- Rear brakes binding and discs rusting – amber

- Front suspension arms (both sides) bush starting to de-bond – amber

Miss N had driven the car over 2,000 miles at this point and I've seen no evidence these problems were present or developing at the point of supply and appear to be related to wear and tear and regular maintenance of the vehicle.

Miss N has said while the complaint has been with this service the car has failed its MOT on several issues including:

- Engine Management – Fault Diagnosis
- Lifetime Hybrid Engine Oil Carbon Flush
- Major Brake Fluid Service
- Bulb Replacement (front right – dipped/high beam)
- Rear Door Lock Mechanism Replacement
- Oil surcharge (long life oil)

Miss N said she's had to have the repairs done as they are safety-critical issues. I'm sorry to hear Miss N has had these problems with the car. Again while I understand these issues come with inconvenience and cost, as I mentioned above, Miss N's car is second hand and has been driven nearly 50,000 miles up to this point, so wear and tear is to be expected and an MOT is a legal requirement for cars on the road.

In the absence of a specific fault with the steering it seems possible the diagnosis from Garage A provides the likely reason for the steering movement Miss N has experienced. So I'm persuaded the vehicle was of satisfactory quality when supplied and I don't think it fair and reasonable that Miss N be allowed to reject the vehicle.

Credit file

Miss N is unhappy that Alphera have recorded adverse credit entries on her credit file pending a decision from our service. She said during a call with Alphera it assured her the payments would be put on hold. She said she's brought the account up to date but the entries continue to cause harm to her credit file. I understand Miss N's concern here but finance companies have a duty to report accurate information to credit reference agencies. I've seen no evidence that Alphera agreed not to report missed payments and I also think it unlikely it would agree to that. It may have agreed to put payments on hold – but even payments 'on hold' are still missed payments and would need to be recorded accurately. In response to our investigator Alphera said:

“We cannot halt reporting; this is an automated process. The most we can do is hold off any collections contact whilst this complaint is active. The only way to prevent credit file impact is to keep up to date with payments.”

Miss N's agreement also states that missing payments will be reported. So I'm not persuaded Alphera has done anything wrong here.

While the initial complaint was with this service Miss N brought to our attention a further complaint letter she had sent to Alphera. Alphera had not responded to the complaint points within eight weeks so I have addressed them below.

Warranty

Miss N has also complained about the warranty, specifically miscommunication around the cancellation and refund of the extended warranty. I've looked at a copy of Miss N's agreement. The warranty is not part of the finance agreement so I'm not able to comment on

this.

Overpricing and Vehicle Valuation Discrepancy - Settlement figure

Miss N complained that the original cash price of £17,075 was significantly above the car's realistic market value. She provided a break down of calculations she had made for various scenarios of exiting the agreement. The cash price of the car when Miss N acquired it was £14,480 as noted on her agreement. With the addition of interest and charges the total amount Miss N would pay is noted as £19,509.24. This is the starting point for the agreement. The settlement figure Miss N received from Alphera in September 2025 was £12,419.11. She says that she attempted to sell the vehicle but wasn't able to achieve that price. And that other routes to end the agreement like Voluntary Termination mean she will face an unavoidable financial loss.

Miss N's own calculations don't appear to include interest which is owed and would form part of the Alphera settlement figure. And interest would have been charged per the agreement. It's not the role of this service to calculate Miss N's settlement or audit the calculations carried out by Alphera but I haven't seen any evidence that the settlement figure from Alphera is incorrect.

Putting things right

In its final response letter received after the complaint came to our service Alphera offered Miss N £200 in compensation due to the delay providing her with a response. I think this is fair and reasonable.

My final decision

BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services should pay £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 23 February 2026.

Maxine Sutton
Ombudsman