

The complaint

Mr S complains that a car that was supplied to him under a hire purchase agreement with BMW Financial Services (GB) Limited, trading as Alphera Financial Services, wasn't of satisfactory quality.

What happened

A used car was supplied to Mr S under a hire purchase agreement with Alphera Financial Services that he signed in April 2024. The price of the car was £36,720, Mr S agreed to make 47 monthly payments of £554.80 to Alphera Financial Services and there was an optional final repayment of £21,892.63.

The car's alternator failed in April 2025 and Mr S complained to Alphera Financial Services. It upheld his complaint and said that it would cover the repair costs of £5,518.09, but wouldn't pay storage fees or servicing costs. Mr S wasn't satisfied with its response so complained to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Alphera Financial Services had acted fairly. He was persuaded that the car wasn't of satisfactory quality when it was supplied to Mr S as it wasn't reasonably durable and he set out what he recommended that Alphera Financial Services should do to put things right. Both Mr S and Alphera Financial Services responded to what he said so the investigator issued a revised recommendation in which he said that Alphera Financial Services should: pay for the car to be repaired; pay the storage fees; arrange for the car to be returned to Mr S; refund the monthly payments made from 6 April 2025 to the date the car is returned to Mr S; pay interest on the refunded amounts; reimburse Mr S £1,092.91 for hiring costs; pay £200 for any distress or inconvenience that's been caused; and remove any adverse information from Mr S's credit file in relation to the agreement.

Mr S accepted that recommendation but Alphera Financial Services has asked for this complaint to be considered by an ombudsman. It said that if the storage fees were waived it would accept the findings and action accordingly. It then said that the garage has confirmed that it's not willing to forgo storage costs so it's looking to recover the car and review legal action if it's not released.

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.

Alphera Financial Services, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr S. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr S was first registered in September 2020 so was less than four years old, it had been driven for 40,448 miles and the price of the car was £36,720. 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 a number of factors.

Alphera Financial Services said in its final response letter to Mr S that it would pay for the car to be repaired and it has said that if the storage fees were waived it would accept the investigator's recommendation. There doesn't seem to be any dispute that there's a fault with the car and Alphera Financial Services has agreed to pay for it to be repaired. For the avoidance of doubt, I consider that the car wasn't of satisfactory quality when it was supplied to Mr S and that Alphera Financial Services should take the actions described below to put things right.

Putting things right

The car broke down when Mr S was on holiday and it was recovered to a garage. The garage provided a quote for repair costs totalling £5,518.09 and I understand that the repairs were started but have been paused. The quote also included storage costs. Alphera Financial Services said in its final response letter to Mr S that it wouldn't be covering the storage costs and wouldn't be held liable for any storage costs already charged, or any future storage costs. It also said that if the storage fees were waived it would accept the investigator's recommendation.

The garage said in an email to Alphera Financial Services sent earlier this month:

"We are not willing to waive storage fees. The vehicle has remained on our premises since April, and throughout this time we have been more than accommodating and helpful in trying to move matters forward. Despite our efforts, the situation remains unresolved. We have also been in regular contact with the vehicle's owner, who confirmed that he has not been kept updated by yourselves. Given the length of time the vehicle has been with us and the lack of communication, we believe it is entirely reasonable to apply storage charges in addition to the repair costs".

I can understand Alphera Financial Services' unwillingness to pay the storage costs but the car broke down in April 2025 when Mr S was on holiday away from his home and the car was recovered to a garage. The car has been at the garage since then and it has quoted for the repairs and has started the repairs. Repairing the car and returning it to Mr S will require it to be collected, either in its current state or repaired, from the garage. The investigator's recommendation included that Alphera Financial Services should pay the garage for the repairs, pay the garage for the storage fees and arrange for the car to be returned to Mr S (or reimburse him for the cost of that subject to providing a reasonable quote for recovery).

I find that it would be fair and reasonable for Alphera Financial Services to arrange and pay for the car to be repaired and returned to Mr S. It can decide whether that is by the garage or another repairer, but will require it to arrange for the car to be collected from the garage and,

if storage fees have to be paid before the car can be collected, I find that Alphera Financial Services should pay them.

Mr S hasn't been able to use the car since it broke down in April 2025 and I don't consider that it's fair or reasonable that he should pay for the car when he's been unable to use it. I find that it would be fair and reasonable for Alphera Financial Services to refund to Mr S the monthly payments that he's made under the hire purchase agreement for the period from 6 April 2025, when the car broke down, to the date that the repaired car is returned to him. I also find that it should pay interest on the amounts to be refunded.

The investigator explained why he recommended that Alphera Financial Services should pay £1,092.91 to Mr S to reimburse him for the hiring costs that he'd incurred. I agree with the investigator that it would be fair and reasonable for Alphera Financial Services to reimburse Mr S for those costs and I find that it should also pay interest on that amount.

These events have caused distress and inconvenience for Mr S. The investigator recommended that Alphera Financial Services should pay £200 for any distress or inconvenience that's been caused. I find that it would be fair and reasonable for Alphera Financial Services to pay £200 to Mr S to compensate him for the distress and inconvenience that he's been caused.

The investigator said that Alphera Financial Services should remove any adverse information from Mr S's credit file in relation to the agreement. I've seen no evidence to show that Alphera Financial Services has reported any adverse information about the hire purchase agreement to the credit reference agencies, but if it has done so I consider that it should remove that information from Mr S's credit file.

My final decision

My decision is that I uphold Mr S's complaint and order BMW Financial Services (GB) Limited, trading as Alphera Financial Services, to:

1. Arrange and pay for the car to be repaired and returned to Mr S.
2. Refund to Mr S the monthly payments that he's made under the hire purchase agreement for the period from 6 April 2025 to the date that the car is returned to him.
3. Pay £1,092.91 to Mr S to reimburse him for the hiring costs that he incurred.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr S's credit file.
6. Pay £200 to Mr S to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Alphera Financial Services to deduct tax from the interest payment referred to above. Alphera Financial Services must give Mr S a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 October 2025.

Jarrold Hastings
Ombudsman