

The complaint

Mr A complains that BMW Financial Services (GB) Limited, trading as Alpha Financial Services, unfairly declined his application for car finance.

What happened

Mr A applied to Alpha Financial Services in December 2024 for finance to pay for a car purchase and it initially offered him finance but, when Mr A had chosen a car, it asked him for more information and then declined his application. The car that Mr A had chosen was sold to someone else but the dealer found a similar car which was supplied to Mr A under a finance agreement with another lender, but at a higher purchase price. Mr A complained to Alpha Financial Services later that month that it had acted unfairly in declining his application.

Alpha Financial Services didn't provide a substantive response to Mr A's complaint so he complained to this service. Alpha Financial Services then responded to Mr A's complaint and said that his application was declined based on the information acquired through the credit reference agencies in relation to his credit file. It apologised that its response was issued beyond its complaints procedure timescale and offered to pay £500 compensation to Mr A to recognise the delay in full and final settlement of his complaint.

Mr A's complaint was then looked at by one of this service's investigators who, having considered everything, thought that Alpha Financial Services' decision to decline Mr A's application was fair. He said that the application was declined as Alpha Financial Services was unable to demonstrate that the lending was affordable and he was unable to conclude that it had acted unfairly or unreasonably in declining the application. He didn't think that it acted unfairly in the time taken to make a decision on the application and didn't think that it needed to remove the searches that it had made of Mr A's credit file as they were an accurate reflection of the applications and amendments made. He said that Alpha Financial Services' offer to pay £500 to Mr A exceeded what he would have recommended.

Mr A has asked for his complaint to be reviewed by an ombudsman. He says that the amount of lending was the same as for other cars which were approved ready to payout with the same monthly payments, checks and salaries and he feels that there was no reason to decline his application as it was only a change of car. He says that he feels that a reasonable amount of compensation needs to be offered as £500 isn't sufficient for the distress, financial damage, inconvenience, exhaustion and impact, and he wants a higher and reasonable offer of a minimum of £1,500.

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.

Lenders are required to make reasonable and proportionate checks to ensure that any lending is sustainably affordable for the borrower at the time that the lending is made. There's no requirement for a lender to lend money to someone and, subject to those checks, it's a commercial decision for the lender to decide whether or not it wants to lend to

someone. Alphaera Financial Services says that all finance proposals are subject to the correct credit checks, its underwriting team adhered to all internal policies and procedures, and Mr A's application was declined based on the information acquired through the credit reference agencies in relation to his credit file. It also says there were concerns about affordability and that there were discrepancies between the different applications about Mr A's income and occupation.

Mr A says that the amount of lending was the same as for other cars which were approved ready to payout with the same monthly payments, checks and salaries and he feels that there was no reason to decline his application as it was only a change of car. A lender is able to decline to provide finance until there's a legal agreement in place with the borrower, which in this case would be the hire purchase agreement under which the car was to be supplied to Mr A. Alphaera Financial Services decided to decline Mr A's application based on the concerns that it had identified before it provided finance to Mr A and it was entitled to decline his application at that time. I'm not persuaded that there's enough evidence to show that Alphaera Financial Services acted incorrectly when it declined Mr A's application for finance or that it treated him unfairly or unreasonably. Nor am I persuaded that the time taken to make a decision on the application was unfair or unreasonable.

Mr A says that Alphaera Financial Services carried out an unreasonable number of searches of his credit file. It says that the searches were due to multiple applications being submitted by different dealers and amendments requiring further checks. I'm not persuaded that there's enough evidence to show that Alphaera Financial Services has acted incorrectly in connection with the searches that were made. I find that it wouldn't be fair or reasonable for me to require Alphaera Financial Services to remove any of the searches from Mr A's credit file.

In its final response letter to Mr A, Alphaera Financial Services apologised that its response was issued beyond its complaints procedure timescale and offered to pay £500 compensation to Mr A to recognise the delay in full and final settlement of his complaint. I don't consider that the delay would cause Mr A's complaint to be upheld and I wouldn't have required Alphaera Financial Services to pay any compensation to Mr A for its delay. If Mr A now wishes to accept its offer of compensation, he should contact Alphaera Financial Services about it.

Mr A says that he feels that should receive compensation of £1,500 for the distress, financial damage, inconvenience, exhaustion and impact that this situation has had on him. As I'm not persuaded that there's enough evidence to show that Alphaera Financial Services acted incorrectly when it declined Mr A's application for finance or that it treated him unfairly or unreasonably, I don't consider that it would be fair or reasonable for me to require Alphaera Financial Services to pay him any compensation.

I've carefully considered all that Mr A has said and provided about his complaint, but I don't consider that it should be upheld. He clearly feels very strongly about his complaint so I appreciate that my decision will be disappointing for him. I find that it wouldn't be fair or reasonable in these circumstances for me to require Alphaera Financial Services to take any action in response to Mr A's complaint.

My final decision

My decision is that I don't uphold Mr A's complaint.

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

Jarrold Hastings

Ombudsman