

The complaint

Mr K complains that the car he acquired through BMW Financial Services (GB) LIMITED trading as ALPHERA Financial Services ("BMW") wasn't of satisfactory quality. He says the engine failed and needs replacing and it's the result of it not being maintained prior to his acquiring it.

What happened

Mr K entered into a hire purchase agreement in March 2024 to acquire a used car. The cash price of the car was £29,990, and after taking into consideration Mr K's advance payment of £4,000; the amount of credit provided was £25,990. The credit agreement was set up over a term of 48 months with Mr K's monthly payments set at £361.30, meaning the total amount repayable if the agreement ran to term would be £39,266.10. At the time of acquisition, the car was six years old and had been driven around 45,000 miles.

Mr K told us:

- The car was sold with a full manufacturer's service history, but there was an issue with the battery after only two months, and this was replaced under warranty;
- in September a *restricted performance* notice appeared, and he took it to his local manufacturer approved service centre and was advised that the engine needed replacing at a cost of nearly £10,000;
- BMW arranged an inspection, but the engineer did not reach the same conclusion and advised that it was working fine, and the issues he had experienced were simply wear and tear;
- he continued to drive the car, and the warning notice reappeared, and a few days later the engine seized on the motorway at speed on his way home;
- the car was recovered to another manufacturer approved service centre where he was told that the engine had failed because it had not been serviced and maintained in accordance with the manufacturer's instruction in the three years before he acquired it, and because of this, the manufacturer would not offer a goodwill payment towards engine repairs;
- his garage noted burnt oil residue on the oil cap, and said that although the starter motor clicked, the engine failed to turn over. It said when the oil filter was removed and assessed, it contained metal filings indicating internal engine damage;
- he's continued to pay the monthly payments due under the credit agreement, even though he's not been able to drive the car, and he wants BMW to remedy the situation.

BMW rejected this complaint. It explained its understanding of the Consumer Rights Act 2015 ("CRA"), and it arranged an independent vehicle inspection to satisfy it that the fault with the car was not present or developing at the point of supply. BMW also noted that Mr K had driven more than 7,600 miles in the seven months since it supplied the car, and it said that this usage together with the age of the car would be determining factors that led to the failure of the engine.

Our Investigator looked at this complaint and said that she thought it should be upheld. She said she'd considered Mr K's complaint about the car being misrepresented to him – he says he was told the car came with a manufacturer's full-service history, but it was clear that it did not – but she'd identified other reasons to uphold this complaint. She said there were clearly things that had been wrong with the car, it was not of satisfactory quality when supplied, and she didn't think that BMW had acted fairly in the circumstances.

Our investigator said she didn't think that the car supplied to Mr K had been durable at the point of supply. And she explained the premature failure of the engine indicated that there was a problem with the car. In summary she said because the car wasn't durable, it was not of satisfactory quality at the point of supply.

She noted the findings of the independent engineer but said that the report had also said that "*the engineer recommends further investigation in workshop conditions, and a full compression test carried out to verify the claim the vehicle is low on compression*", and she said that BMW had not considered this, or arranged for further investigations or analysis to be carried out. And she was concerned that the car's first problems had arisen just seven months after it was supplied.

Our Investigator concluded that the metal filings in the oil filter, and the seizing of the engine were likely a result of crankshaft bearing failure, yet these bearings should have a lifespan of around 100,000 miles. She concluded that the failure to properly service the car before it was supplied to Mr K had resulted in oil dilution which lowered its lubrication and protection properties and the failure of the bearings with the resultant engine failure.

She recommended that Mr K should be able to reject the car and have some of his monthly rentals returned to him because he'd had periods when he'd been unable to use the car. She also asked BMW to reimburse Mr K the £650 he'd spent on another repair, believing that this would solve the problem with the car, and she asked BMW give Mr K £250 compensation to reflect the other costs he'd incurred and the anxiety the situation had caused him.

BMW disagreed. It questioned the advice Mr K had been given and whether he should have driven it following the independent inspection, when he knew a full compression test was being recommended. And it said Mr K's actions resulted in the seizure of the engine and its failure three months later.

Our Investigator looked at everything again but concluded that the car supplied had not been durable. She said that "*as metal filings were found in the oil filter and the engine seized, it's likely the car has suffered from crankshaft bearing failure due to premature wear. These bearings should approximately last over 100,000 miles, on a well-serviced engine. Due to the inherent fault with oil dilution and the late servicing, this has likely resulted in the engine failure*" ... "*The last service would've prolonged the life of the engine, but the bearings likely wore excessively from 2023-2024. Turbos typically suffer from oil related issues first due to the rate they spin at - the under boosting turbo/hesitation when accelerating (it wasn't spinning fast enough) was an early indication of lubrication issues, which is likely why the first specialist in October 2024 said the engine requires replacing, knowing the flaws of this particular engine. Oil dilution thins the engine oil, lowering its lubrication/protection properties. So, I think the engine/bearings haven't been sufficiently durable*".

Because BMW didn't agree with our Investigator's opinion, the complaint comes 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 considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

The hire purchase agreement entered into by Mr K is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. BMW is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory".

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and *durability*. The components within the car must be durable and last a reasonable amount of time.

In this case, the car was around five years old at the point of supply and had been driven around 45,000 miles – so the price was lower than that of a new car. And 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 newer car.

Mr K sent in copies of the service history, information about oil dilution issues, email exchanges with the garage and other parties, and the detailed invoice from the garage that carried out the initial diagnostics and identified that a replacement engine was needed.

I'm conscious that Mr K had had the car for seven months when the first warning notice appeared, and a further five months before the engine seized and the car broke down. At this point he'd only driven around 10,000 miles. And the overall mileage of the car doesn't seem particularly high for a car that was by then about seven years old.

I've also noted the comments made by the service centres – both associated with the car's manufacturer – and their explanations for the root cause of the problem and the likely steps that resulted in engine failure; the potential cause of the problem being oil dilution resulting from irregular servicing. I've also considered the information I've seen about oil dilution issues generally. And having considered everything afresh, I'm persuaded that engine failure at just over 50,000 miles seems very premature - my online research suggests that the parts that likely failed – the crankshaft bearings – should last substantially longer than this – around 100,000 miles.

I've seen no persuasive evidence to indicate that Mr K has caused or contributed to these failures, and indeed his mileage has not been excessive. So on balance it seems to me to be *more likely* than not that these components were not durable, and therefore the car was not of satisfactory quality at the point of supply.

I've thought carefully about BMW's comments, but with no information about the previous owner(s) of the car, it's impossible to say whether their driving style or pattern of usage might have affected the lifespan of the bearings, and by extension, the engine. But I've no evidence to indicate that Mr K has caused or contributed to these failures.

Taking all this into account, I'm not satisfied that the components that failed were appropriately durable. Therefore, on balance, I don't think the car was of satisfactory quality at the point of supply. As a result, I'm going to uphold this complaint and require BMW to accept rejection of the car and reimburse Mr K for some of his associated costs.

Mr K has described in some detail the inconvenience he and his family have been caused because he had a car he couldn't use. And he's talked about the impact this had on his work and his day-to-day life. I'm satisfied that he paid for a car that he wasn't able to use, and he experienced a loss of enjoyment in terms of using the car. Because of this, I'm going to ask BMW to refund him some monthly rentals, and I'm going to ask it to pay him some compensation in recognition of the anxiety and worry it caused.

Putting things right

I direct BMW Financial Services (GB) LIMITED trading as ALPHERA Financial Services to put things right by doing the following:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mr K's credit file in relation to the agreement;
- collecting the car (if this has not been done already) at no further cost to Mr K;
- refunding Mr K the deposit/part exchange contribution of £4,000;
- refunding Mr K all rentals for the period from 4 October 2024 to 3 January 2025 as he was unable to use the car due to its inherent impairment, and from 10 April 2025 to the date of settlement as he had reasonably stopped using the car at this point;
- reimbursing Mr K the £650 cost of repairs to a wheel sensor. Mr K will need to provide copies of any invoices and proof of payment;
- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- paying a further amount of £250 for the distress and inconvenience that's been caused due to the faulty goods.

*HM Revenue & Customs requires BMW Financial Services (GB) LIMITED trading as ALPHERA Financial Services to take off tax from this interest BMW Financial Services (GB) LIMITED trading as ALPHERA Financial Services must give Mr K a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and require BMW Financial Services (GB) LIMITED trading as ALPHERA Financial Services to settle this complaint as I've directed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 December 2025.

Andrew Macnamara
Ombudsman