

The complaint

Mrs D has complained that, with regard to a car she acquired using a hire-purchase agreement with BMW Financial Services (GB) Limited, trading as Alphera Financial Services (“BMWFS”), following the settlement of the agreement BMWFS attempted to take duplicate payments from her bank account.

What happened

Mrs D acquired a used Nissan in October 2020, using a hire purchase agreement with BMWFS. The car cost £12,737.80, of which Mrs D borrowed £11,537.80 over a 48-month term. The monthly payments were £194.55, with a final payment of £4,954 to be made if Mrs D wanted to keep the car at the end of the agreement. It is this final payment that Mrs D said BMWFS tried to take more than once.

In October 2024, as the agreement was coming towards the end, Mrs D contacted BMWFS to ask for an extension to the term to allow her to complete the refinancing of the remaining balance (although she also said that she may simply pay off the outstanding balance). BMWFS agreed to a one-month extension, so a further payment of £194.55 was due to be collected on 19 November 2024. However, Mrs D managed to finalise the refinancing of the outstanding balance on the agreement with another lender at the end of October 2024.

On 11 November 2024, BMWFS attempted to collect £4,954 by direct debit from Mrs D’s bank account. Mrs D contacted BMWFS and the call handler suggested that she make a direct debit indemnity claim via her bank, as this would be the quickest method of getting a refund. However, as the payment would’ve taken Mrs D’s account into an unauthorised overdraft position, her bank didn’t pay the direct debit, and it was removed from her account on the same day.

Four days later, there was a second attempt to take the payment of £4,954 from Mrs D’s bank account, and so she complained to BMWFS. (Again, the direct debit was returned by Mrs D’s bank.)

BMWFS issued its final response letter to Mrs D the following week. It accepted that it had made errors in attempting to collect the payment but said that the payments had had been refunded. It offered to pay £50 by way of apology.

Mrs D was unhappy with this – she thought that BMWFS should pay £2,000 in recognition of the financial harm and the distress and inconvenience caused. So she brought her complaint to this service. Our investigator looked into the complaint but didn’t think it should be upheld. Mrs D disagreed and asked for the complaint to be reviewed by an ombudsman.

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 not to uphold Mrs D’s complaint. I’ll explain why.

BMWFS sent in copies of the hire purchase agreement, letters issued to Mrs D, the list of transactions on the account and its notes of its contact with Mrs D. I also have bank statements for the relevant dates, which Mrs D sent in. I've carefully considered what both parties have said.

BMWFS has accepted that it attempted to collect the final payment from Mrs D after it had received a payment from the new lender in settlement of the account. It says this was a result of human error.

I've looked at Mrs D's bank statement for November 2024. On 11 November, I can see the payment of £4,954, with a corresponding credit on the same day to show that the direct debit had been returned. The same happened on 15 November 2024. I note that the BMWFS call handler had suggested Mrs D make a direct debit indemnity claim when she called on 11 November. I don't think the call handler could reasonably have known at the time that the direct debit would not be paid, so I think it was reasonable to make this suggestion. But as neither of the direct debits were paid, Mrs D did not have to wait for a refund of the incorrectly claimed amounts.

In my experience, where a direct debit results in an unauthorised overdraft, a bank may alert the consumer and set a time later that day by which money can be paid into the account to allow the direct debit to be paid. After this time, and if no money has been paid in, the bank will generally reverse the transaction, and the account will go back to being in credit (or within an authorised overdraft limit).

In this case of course, the direct debit had been incorrectly claimed in each case, and Mrs D didn't want it to be paid. I don't know whether Mrs D contacted her bank to say that; nor do I know at what time Mrs D's bank would have reversed the transactions (although I think mid-afternoon, or possibly earlier, would be usual). So I accept it's possible that there will have been a few hours on both 11 and 15 November where Mrs D couldn't have withdrawn cash or made payments via debit card.

However, Mrs D's statement shows that she was able to make bank transfers to two different payees on 11 November, and no other direct debits were returned on that day. On 15 November, I can see that Mrs D was able to make three debit card payments, with the debits being processed on 18 November, and a direct debit to a utility company was paid out. So I can't see any evidence that Mrs D was particularly restricted in using her bank account, and I don't have evidence of any financial loss.

The notes BMWFS sent in showed that Mrs D called and emailed on 11 and 15 November about the direct debits, and BMWFS sent its final response letter on 22 November – a week after Mrs D had complained. This was a relatively straightforward issue, and I think BMWFS looked into it within a reasonable timescale – I can't see that there were any undue delays in dealing with the complaint.

Mrs D was unhappy that BMWFS attempted the direct debits without her authorisation. I've thought about this, but as there was a financial relationship where BMWFS could collect the payments due under the contract, and repayment of the contract hadn't been finalised at that point, the direct debit authority remained in place. I've looked at the list of transactions on the account, and although I can't be certain about precisely what led to BMWFS trying to take the final payment in November 2024, it seems likely that the error related to an issue in processing the amount it had received from the new lender to settle the account. I also think it likely that the second attempt to take the final payment was prompted by the first direct debit being returned unpaid – it's common for a second attempt to be made in these circumstances.

In summary, I appreciate that Mrs D would've found the situation very frustrating, and of course it was unfortunate that the error happened at all. However, as I noted above, I can't see any evidence of financial loss – the incorrect direct debit transactions were reversed by Mrs D's bank the same day, which effectively resolved the issue. Although it's possible that Mrs D wouldn't have been able to use her bank account for a few hours on the two days in question, I can see that she was able to carry out transactions on those days. I accept the situation might well have been different had Mrs D's bank paid the direct debit on 11 November – it could've led to unauthorised overdraft fees and charges, and might have affected other payments being made. But this was not the case, and I can only base my decision on what actually happened.

Taking all that into account, I don't think the amount offered by BMWFS by way of apology is unreasonably low, so I can't fairly require it to do more than it has. Therefore, I have decided that I cannot fairly uphold Mrs D's complaint.

My final decision

For the reasons given above, I have decided not to uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 13 November 2025.

Jan Ferrari
Ombudsman