

The complaint

Mr B complains about the quality of a car that was supplied through a hire purchase agreement with BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services (Alphera). Mr B also complains that the vehicle was mis sold to him.

What happened

In November 2024, Mr B acquired a used car through a hire purchase agreement with Alphera. The car was about five years and six months old and had travelled around 28,000 miles when it was supplied to him. The cash price of the car was £76,799. An advance payment of £25,000 is listed, so the total amount financed on the agreement was £51,799 payable over 47 monthly repayments of £702.73 with an optional final repayment of £35,444.45.

Mr B said that when he collected the car, he noticed warning lights on the dashboard; and within the first two months it's been in two separate garages due to serious mechanical and safety issues. Mr B said he had to contribute around £650 towards repair costs, and it was discovered that the car was involved in a major accident and had a new front chassis welded on. Mr B said the car wasn't fit for purpose.

To resolve matters Mr B said he wants a refund of the monthly repayments for when he didn't have use of the car, compensation for distress, inconvenience and financial loss, an adjustment to the vehicle's value, use of a courtesy car until his car is fully repaired and a full investigation into the issues.

In March 2025, Alphera issued their final response to Mr B's complaint which they upheld. In summary it confirmed the car was being fully repaired and offered Mr B £900 which comprised of a refund for one monthly repayment, and compensation for the distress and inconvenience caused.

Mr B didn't agree with the response and asked that the compensation reflect the financial loss and the time he's spent without the car.

In June 2025, Mr B brought his complaint to our service where it was passed to one of our Investigators to look into. Within their file submission Alphera confirmed they reopened the complaint due to Mr B advising of persisting issues with the car and requesting that it be rejected.

In July 2025, Alphera issued their second response to the complaint which they partially upheld. They considered that as the car was being repaired with Mr B's consent, there was no grounds for a rejection of it. Alphera however, agreed to refund Mr B three monthly repayments to reflect when he didn't have use of the car, and £200 compensation for the distress and inconvenience caused.

In September 2025, our Investigator issued their view. It recommended that Mr B's complaint should be upheld. The Investigator didn't think Alphera acted fairly in the circumstances, as

the repairs carried out had so far been unsuccessful. To put things right, the Investigator recommended that Alphaera:

- end the finance agreement
- take the car back without charging for collection
- settle the outstanding amount for repairs
- refund to Mr B his deposit contribution of £25,000
- refund to Mr B the rentals to cover any loss of use,
- refund to Mr B £600 for the original repairs carried out
- refund to Mr B the leather repair and alloy wheel refurbishment
- pay 8% simple yearly interest on all refunded amounts
- pay a further amount of £650 for any distress or inconvenience that's been caused due to the faulty goods
- remove any adverse information from Mr B's credit file in relation to the agreement

Mr B accepted the Investigator's recommendations, however Alphaera responded to say they considered the repair incomplete rather than failed. However, as Alphaera didn't accept the Investigator's view the complaint has been referred to an ombudsman for a final decision.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr B complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr B's complaint about Alphaera. Alphaera is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, Mr B acquired a used car which had covered 28,000 miles and which cost around £76,000. I also think it's reasonable to consider the vehicle is of a premium class. In consideration of this, I think a reasonable person would not have the same expectation of

quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any significant visual damage and mechanical defects and would expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied the car is faulty. This is apparent from the garage estimate which confirmed the car had sustained substantial accident damage, and that issues existed with the wiring harness and chassis control unit. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Alphera have already upheld Mr B's complaint and agreed that the car was faulty and required a repair on at least two occasions. So, I don't consider that the quality of the vehicle is in dispute here. What I consider to be in dispute is the resolution required to put things right for Mr B.

Alphera in their July 2025 response, agreed to support the repairs of the car and to refund to Mr B some of his monthly repayments for loss of use, along with some compensation for distress and inconvenience. However, Mr B says he declined this offer.

I've considered that Mr B had originally agreed to the repair of the car as noted in Alphera's response, however, in an email to Alphera in August 2025, Mr B requested that he be able to reject the car given the issues with it. I think it's reasonable to consider that the repairs which are yet to be completed are taking a considerable amount of time to be carried out successfully. As such I think the fairest resolution is for Alphera to facilitate a rejection of it.

Under the CRA if goods are not of satisfactory quality they do not conform to the contract. Section 19 of the CRA sets out certain remedies available to the consumer for goods that do not conform. One of these remedies is the right to repair. However, in addition to this it says that the trader must "*do so within a reasonable time and without significant inconvenience to the consumer*".

Given Mr B reported faults with the car soon after he acquired it and despite a previous repair attempt the car is still not driveable, I'm satisfied, in the circumstances of this complaint there has been an unreasonable level of inconvenience caused to Mr B with the delays to the full repair of the car.

Alphera should end the agreement and collect the car without any additional cost to Mr B. Mr B has said he's driven the car less than two weeks since acquiring it. A garage invoice dated 31 July 2025, has the mileage recorded as 29,135 which is 1,135 more than when it was supplied. Alphera have also confirmed in their July response that the car was awaiting repair. And Mr B has advised it was still not completed, so I'm satisfied Mr B has had limited use of the vehicle and that it's likely been the two weeks he's described.

Given that a considerable amount of that usage would have been going back and forth to the garage or small journey's I'll be instructing Alphera to refund to Mr B all the monthly repayments he's made under the agreement.

Mr B has told us about the costs he's incurred as a result of the issues. He's provided a garage invoice dated in June 2025 for £1,205.40 for diagnostic works carried out to the chassis control unit, and sensor circuit. As this is related to the faults identified on the car, Alphera should settle this amount.

Alphera should also reimburse to Mr B the £650 contribution he made to the dealership for the original repairs. They should also reimburse him for the works carried out for the alloy refurbishment and leather repair, which Mr B has provided invoices for. I recognise these repairs were Mr B's choice to do so and didn't form part of the contract he had with Alphera.

However, I've considered that Mr B had these repairs carried out in the view that he'd be in a position to use the vehicle which he hasn't. In addition, I'm not persuaded it was reasonable that the car was supplied with damage to the interior leather as Mr B demonstrated in an image provided.

Mr B has also provided an invoice for storage from the third-party garage. I recognise the costs are ongoing and Mr B is not in a position to mitigate them as he's not able to move the vehicle from its' current location.

The investigator wrote to both parties to inform them that I was minded, having reviewed the case file, to uphold Mr B's complaint largely for the same reasons as the Investigator, however that I'd be including the storage costs as Mr B has provided invoices to demonstrate the ongoing cost being incurred due to it being of unsatisfactory quality. Alphera didn't respond to the Investigator's email so I've no reason to change my approach here. So, I'll be instructing Alphera to cover the costs of the ongoing storage fees as evidenced by Mr B.

Mr B has described the distress and inconvenience the whole situation has caused him. This has impacted his planned holiday, and has led to him facing financial difficulties, and having to borrow money from his family as a result. In addition, I've considered that Mr B has had no car for the best part of a year which is significant, considering he is paying a significant amount each month for what should have been a premium vehicle. Having considered all of this, I'm in agreement with the Investigator that £650 compensation is reasonable in the circumstances, in addition to what he's already received from Alphera.

My final decision

My final decision is that I uphold Mr B's complaint against BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services and instruct them to:

- end the agreement ensuring Mr B is not liable for further monthly rentals
- collect the car at no additional cost to Mr B
- refund the deposit Mr B paid (if any part of this deposit is made up of funds paid through a dealer contribution, BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services is entitled to retain that proportion of the deposit)
- refund to Mr B all of his monthly repayments as he's had no considerable use of the car
- refund to Mr B his contribution towards repairs carried out between January and April 2025. In his complaint form Mr B said this was £650, he should provide Alphera with proof of payment for this
- settle the outstanding invoice dated 24 June 2025, for £1,205.40 for diagnostics carried out, if not already settled. Mr B should provide Alphera with a copy of the invoice for this.
- reimburse to Mr B £516 and £150 respectively for the payments he's made towards the repairs to the alloys and leather interior as per the invoices provided
- settle the outstanding storage costs as described in my decision, Mr B should provide a valid invoice for storage costs incurred
- remove any adverse information that may have been recorded with the credit reference agencies in respect of the damage
- pay Mr B £650 in compensation for the distress and inconvenience caused

BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services should pay 8% yearly simple interest on all refunds and reimbursements calculated from the date of payment to the date of settlement.

If BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 December 2025.

Benjamin John
Ombudsman