

The complaint

Mr F complains that the car he acquired through BMW FINANCIAL SERVICES (GB) LIMITED ("BMW") wasn't of satisfactory quality, and he complains that BMW won't refund his deposit.

What happened

Mr F entered into a hire purchase agreement in November 2024 to acquire a used car. The cash price of the car was £32,196, and after taking account of Mr F's advance payment, the balance was to be repaid through the credit agreement which was set up over a term of 60 months. Mr F's monthly payments were £492.69, resulting in the total repayable under the agreement, if it ran to term, being £44,807.60. At the time of supply, the car was more than five years old, and had been driven just over 23,000 miles.

Mr F told us:

- He purchased a used car, paid a deposit, and signed a credit agreement in good faith, expecting that the car he'd acquired would be driveable and of merchantable quality;
- he encountered his first issue just 34 days after supply, and he contacted BMW for assistance;
- BMW wasn't able to deal with his complaint in a reasonable timeframe – it couldn't complete its investigations within the industry's 8-week deadline – so he dealt directly with the supplying dealership;
- although the supplying dealership carried out some diagnostics and determined that the car needed new cam shaft bearings at a cost of more than £2,500, and this would not be covered by BMW's warranty;
- the supplying dealership agreed to take the car off his hands in April 2025, and it said it would cancel the finance agreement;
- he's paid for a car for 102 days, despite being unable to drive it for a number of days, and although he's had the agreement cancelled and some monthly rentals returned, BMW won't refund his deposit;

In May 2025, BMW issued its *final response letter*. It upheld Mr F's complaint about the car. It said it had contacted the supplying dealership, and the issues Mr F had complained of were present, but it noted that these had been repaired satisfactorily by the supplying dealership.

BMW said that it had wanted to inspect the car to establish liability for the faults, and it contacted Mr F on 28 April to arrange this. But on 30 April, Mr F and the supplying dealership confirmed they'd arranged between them for the car to be returned and the credit agreement to be settled, and that this had already taken place.

BMW acknowledged that Mr F had raised his complaint within six months of the car being supplied, and it said it would uphold his complaint. It said it would refund him two monthly rentals; one of these because of his reduced usage of the car, and the other as a gesture of goodwill.

Unhappy with BMW's redress, Mr F brought his complaint to this Service. He said he has not had his deposit returned – more than £5,000 – even though the car was faulty and it was returned very shortly after it was supplied.

Our Investigator looked at this complaint and said that he thought it should be upheld. He explained the relevance of the Consumer Rights Act 2016 ("CRA") in the circumstance of this complaint and said that the purpose of the CRA is "*to provide protection to the consumer so that in the event things go wrong, they can be put back into the position they would have been in had things not gone wrong*". He explained that the recognised approach of this Service when dealing with complaints about faulty goods supplied on credit, was to require the business – in this case BMW – to refund any deposit paid.

BMW disagreed. It said it was not a party to the discussions between Mr F and the supplying dealership about the return of the car, and that *rejection* of the car had not been agreed by either BMW or the supplying dealership. And it highlighted that the subsequent sale of the car had prevented it from arranging an independent inspection of the car to identify any faults and to determine liability.

Another Investigator reviewed the complaint afresh but concluded that BMW refunding Mr F's deposit was the fair way to settle this complaint. She explained that the supplying dealership was aware of the faults with the car; it had attempted repairs, but these were not successful; and that under the CRA, the correct remedy for this type of case was the rejection of the car and the refund of any deposit paid.

BMW still disagrees, so the complaint comes to me to decide. It says simply that the car was not rejected, it was re-purchased by the supplying dealership.

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 hope that Mr F won't take it as a courtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr F should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

Having considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator – I think this complaint should be upheld – and I'll explain why.

The credit agreement entered into by Mr F 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 vehicle purchase, will include things like the age and mileage of the vehicle at the time of sale, and the vehicle'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.

This complaint seems to depend on whether Mr F rejected the car or not. I've looked very carefully at all of the evidence including the credit agreement, the account notes supplied by BMW, and the email correspondence between Mr F and the supplying dealership. Having done so, I'm persuaded that Mr F had exercised his right to reject the car. I say this because all of the emails between Mr F and the supplying dealership have "*rejection*" of the car in the email subject line, and there's references to rejection in the content of a number of emails, including one in which the supplying dealership confirms it has submitted a rejection request to BMW.

The issue here it seems is that the supplying dealership did not make Mr F aware of his rights under the CRA, and it dealt with his complaint about the car, without explaining everything to him.

The second complicating factor is the time it took BMW to investigate the complaint and issue its *final response letter*. Mr F first complained to BMW in February, but it wasn't until the end of April that BMW first enquired about the car's whereabouts and said it would like to have the car inspected by an independent engineer. At this point, the supplying dealership had already agreed that the car should be returned, and the indications are that it may already have been sold. And it wasn't until early May that BMW responded to Mr F's complaint.

Now, I can't hold Mr F responsible for failings by the supplying dealership in explaining his rights under the CRA. And I can't hold him responsible for the fact the BMW's investigation into the complaint took longer than perhaps it should've done.

It also seems to me that BMW has misunderstood its obligations under the CRA around the subject of repairs. It should note that the CRA only allows *one attempt* at fixing goods of unsatisfactory quality (not one attempt at *each* individual fault) before the consumer is entitled to other remedies – including rejection. And I'm satisfied that in undertaking repairs to the car – replacing a pulley – the supplying dealership utilised its one opportunity to make the car to be of satisfactory quality.

It follows that, as I am satisfied (after initial repairs completed) the car continued to suffer from faults then it would likely be fair for Mr F to be able to reject it in accordance with his consumer rights as set out in the CRA.

Like our Investigator, I'm satisfied that BMW's way of putting things right is *broadly* in line with what this Service would expect. We'd typically ask the business to:

- end the credit agreement and remove any adverse information from the customer's credit file in relation to the credit agreement;
- arrange collection of the car;
- refund the customer's deposit and;
- refund some monthly payments if the consumer suffered impaired usage or was unable to use the car for a period of time.

And I can see that BMW (and the supplying dealership) have incorporated *most* of these things. So, the only outstanding matter, it seems to me, is to direct BMW to refund Mr F his deposit. But to be clear, I'm going to set out in full what BMW needs to ensure happens to bring this complaint to a fair conclusion.

Putting things right

I direct BMW FINANCIAL SERVICES (GB) LIMITED to put things right by doing the following:

- Ending the credit agreement with nothing further to pay (if it hasn't already done so);
- Removing any adverse information from Mr F's credit file in relation to the agreement (if it hasn't already done so);
- Collecting the car (if this has not been done already) at no further cost or inconvenience to Mr F;
- Refunding Mr F's deposit (if it hasn't already done so);
- Refunding Mr F the two monthly rentals monthly it previously offered (if it hasn't already done so) to reflect the fact that he experienced impaired usage of the car, when he could drive it, and had no use of the car when it was being repaired;
- Paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*.

*HM Revenue & Customs requires BMW FINANCIAL SERVICES (GB) LIMITED to take off tax from this interest. BMW FINANCIAL SERVICES (GB) LIMITED must give Mr F 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 to fairly settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 22 December 2025.

Andrew Macnamara
Ombudsman