

## **The complaint**

Mr S complains that BMW Financial Services (GB) Limited (which I'll refer to as "Alphera") unfairly ended his hire purchase agreement when he was temporarily unable to make full repayments.

## **What happened**

In February 2024 Mr S entered into a three-year hire purchase agreement with Alphera for a used car costing just under £9,000. The agreement recorded that he would pay a deposit of £1,000, followed by 36 monthly payments of £255.47.

Mr S made the monthly payments by direct debit, but the December 2024 direct debit was returned unpaid. Mr S explained that he lost his job in September 2024 and that his benefit payments were insufficient to cover the hire purchase payments.

Alphera asked Mr S to provide details of his income and expenditure, but it did not consider that his income was sufficient to make a repayment plan a practical option. It sent Mr S arrears notices on a regular basis.

Whilst Mr S was able to make some payments, by early June 2025 the arrears on the account were the equivalent of five missed payments – that is, over £1,200. On 12 June 2025 Alphera sent a termination letter telling Mr S that it was ending the agreement and that it would be seeking the return of the car. It also registered a default against Mr S.

In July 2025 Mr S contacted Alphera to say that he had a new job and asking that the agreement be reinstated. Alphera said that it could not reinstate the agreement, since it had been properly terminated. It acknowledged that it could not repossess the car without Mr S's consent or a court order.

Mr S complained about Alphera's actions, first to Alphera and then to this service. Our investigator did not recommend that his complaint be upheld. She noted that Alphera needed to ensure that any lending was affordable for the borrower and that, while Mr S was out of work, any viable payment plan would have amounted to irresponsible lending. By the time Mr S had found work, the agreement had been terminated, and that could not be reversed.

Mr S did not accept the investigator's assessment and asked that an ombudsman review the case.

## **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 done so, however, I have reached the same overall conclusion as the investigator did.



At the time Mr S entered into the hire purchase agreement, the monthly payments were affordable for him. His changed circumstances after around September 2024 meant that they became unaffordable, and he acknowledged that.

Mr S says that Alphera should have considered options which would have enabled him to keep the hire purchase agreement open and to keep the car until he was able to make payments again to bring the lending back on schedule.

Whilst we expect lenders to treat cases of financial difficulties positively and sympathetically, that does not mean that lenders cannot in appropriate cases end a finance agreement and take enforcement steps. To some extent, they can exercise their commercial discretion when deciding what concessions they are prepared to give.

By the time Alphera ended the hire purchase agreement in this case, Mr S had been struggling to make payments for more than six months. It was not certain when his circumstances might improve – although I note he was employed again shortly after termination. Alphera had kept Mr S informed about the level of arrears and what he needed to do to prevent termination, and the hire agreement itself had set out clearly the likely consequences of missed payments.

In all the circumstances, I do not believe it was unreasonable of Alphera to end the hire purchase agreement when it did.

I don't believe either that it was unreasonable of Alphera to refuse to reinstate the agreement when Mr S said that he had a new job. The agreement had by that point been terminated, and any request for finance on the part of Mr S would have had to be treated as a new application.

Finally, I do not believe that Alphera acted unfairly in recording a default on Mr S's credit file.

### **My final decision**

For these reasons, my final decision is that I do not uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 December 2025.

Mike Ingram  
**Ombudsman**