

The complaint

Mr G complains about the balance owed under a hire purchase agreement with BMW Financial Services (GB) Limited trading as ALPHERA Financial Services.

Throughout his complaint, Mr G has used a representative. But, for ease, I'll just refer to Mr G.

What happened

In September 2023, Mr G says a local car dealer, who I'll call "X", contacted him about part exchanging his vehicle. Shortly afterwards, Mr G sold his vehicle to the dealer and used the proceeds as an advanced payment to take out a hire purchase agreement with a lender.

A few months later, Mr G says X contacted him again to talk about changing the lender, to get a cheaper deal. After further discussions, Mr G decided to take out a new hire purchase agreement with BMW. Under the agreement Mr G was contracted to make monthly payments of around £365 over a three year period.

Mr G says BMW paid funds from the loan directly to X, who was then supposed to repay the balance of the borrowing he'd taken out two months previously, with the other lender. However, Mr G says that X failed to complete their part of the deal, which left him with two separate loans to pay.

After trying to sort things out with X, Mr G says he realised that he was the victim of fraud. So, he complained to BMW and said they should not have authorised the hire purchase agreement, when his car was already financed by a different lender. BMW told Mr G they would review his concerns, but didn't provide a final response. And in January 2025, Mr G brought his case to us.

One of our investigators looked into Mr G's complaint and found that BMW had treated Mr G fairly. She couldn't see where X was named on the hire purchase agreement with BMW, so didn't find where they were responsible for anything that X had said or done. The investigator also said BMW were not aware the previous finance was still live, until Mr G had brought it to their attention. So, the investigator said BMW's decision to continue to hold Mr G responsible for repayments due under the hire purchase agreement was fair.

Mr G didn't accept the investigator's conclusions and said he'd clearly been a victim of fraud by X. Mr G also said BMW had caused him distress and inconvenience with their delay in dealing with his complaint.

The investigator didn't change her conclusions and Mr G's case has now been passed to me to make 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.

Firstly, I'm very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here. Namely, did BMW treat Mr G fairly when the hire purchase agreement was put into place?

If there's something I've not mentioned, then I haven't ignored it. I've not commented on every individual detail. I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

This case is about an application for a hire purchase agreement, which is a regulated financial product. As such, we are able to consider complaints about it.

The dealer's involvement

Within his complaint to BMW, Mr G included the messages between himself and X from the time of the part exchange, to after the change of finance provider. Having thought carefully about the content of those messages and their tone, I can see the level of trust that Mr G placed in X. I'm also aware that Mr G has told us that in the years prior to taking out the hire purchase agreement with BMW, he had a business relationship with X.

Overall, I don't think it was unusual for Mr G and X to talk about the supply of vehicles and how they were financed. I'm also persuaded that Mr G had more than a basic understanding of how car finance deals worked. So, I don't think there were any vulnerabilities, on behalf of Mr G, that BMW ought to have been aware of, before the hire purchase agreement was put into place.

I've also looked at a copy of the initial finance agreement that Mr G accepted with the other lender in September 2023. I can see from this document where the dealership associated with X, is named as the credit intermediary. This means that in certain circumstances, the other lender may be responsible for any negotiations carried out by X.

But, in this case, Mr G has complained about BMW and their actions when the refinance was completed in November 2023. Having looked at the hire purchase agreement with BMW, I cannot see where X was involved in that contract, as they are not named anywhere within the paperwork, or subsequent correspondence.

I accept Mr G may have given X authority to search for finance deals on his behalf. However, I share the investigator's opinion, in that I don't think X was acting as an agent of, or as a credit intermediary for BMW in their agreement with Mr G.

Against this background, I don't think it would be fair to hold BMW responsible for anything X said or did, in the lead up to Mr G choosing BMW to refinance the borrowing connected to his car. That said, the crux of Mr G's complaint is that BMW should not have authorised further borrowing on a car, that already had a live hire purchase agreement connected to it. So, I've gone on to think about that and the information available to BMW at the time.

The pre-existing finance agreement

Mr G and BMW have provided us with copies of correspondence which shows when BMW first became aware that X hadn't repaid the borrowing with the other lender. From looking at this evidence, I can see that Mr G first raised his concerns with BMW about fraud in May 2024. This was around seven months after the hire purchase agreement with BMW was approved.

I can also see where BMW made their lending decision after receiving a letter from the previous lender. This letter was sent to BMW in November 2023 and tells of the ending of their interest in Mr G's car. In other words, the previous lender had confirmed to BMW that their finance had been settled, before the hire purchase agreement with BMW started.

During our review, Mr G explained that the letter received by BMW wasn't genuine. He says he suspects it was generated by X, to facilitate the further borrowing. Given his finance with the other lender is still active, and the nature of his subsequent correspondence with X, I'm persuaded by what Mr G says.

However, I don't think this means BMW treated Mr G unfairly. I say this because BMW were aware of the previous finance agreement and had been expecting confirmation of it ending, to authorise their own form of borrowing to Mr G. And had they spoken to Mr G on receipt of the letter from the other provider I'm persuaded that, on balance, he would have confirmed the arrangements.

In all the circumstances, I don't think it was BMW that has made the mistake here. I think BMW have provided the hire purchase agreement as planned, so it's reasonable for them to decide to hold Mr G responsible for the repayments.

From what I've seen, it seems that Mr G has maintained the repayments to BMW since the start of the hire purchase agreement. I recognise it's likely this has added to the difficult circumstances that Mr G has told us he's been dealing over the last few years.

In this instance, I remind BMW of their responsibility to treat Mr G's current financial circumstances with due consideration and forbearance. This will mean working with Mr G to make sure he is able to make affordable repayments to any outstanding balance.

BMW's delay in handling Mr G's concerns

BMW provided a final response to Mr G's complaint around a year after he first complained. Clearly, this was well in excess of the eight week timescale BMW would usually have to respond to a customer's concerns. Complaint handling isn't an activity that we have the power to look into. So, I agree with the investigator, in that I'm unable to make a decision on BMW's treatment of Mr G regarding his complaint.

However, I can see where BMW told Mr G about his referral rights to our service in a letter dated 9 July 2024. So, while I accept BMW didn't provide their final response until after Mr G could have expected, I think he was in a position to ask us to get involved within two months of raising his concerns with them. It then follows that BMW haven't prevented Mr G from taking his complaint beyond BMW's own investigation.

Overall, I think BMW have treated Mr G fairly when looking at the pausing of the scheduled repayments, to allow time and breathing space for an investigation to happen.

My final decision

My final decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 March 2026.

Sam Wedderburn
Ombudsman