

## The complaint

Mr S complains about the quality of a car he acquired under a hire purchase agreement with BMW FINANCIAL SERVICES (GB) LIMITED (BMWFin).

When I refer to what Mr S and BMWFin said or did, it should also be taken to include things said or done on their behalf.

## What happened

In January 2024, Mr S entered into a hire purchase agreement with BMWFin to acquire a used car. The car was first registered in May 2019. At the time of acquisition, the car had travelled approximately 32,449 miles. The total cash price of the car was approximately £55,700 when Mr S acquired it. The total amount payable under the finance agreement was £78,469.45. There was an advance payment of £8,933.87. The duration of the agreement was 60 months. There were 59 monthly repayments of £835 and one optional final repayment of £20,270.58.

Mr S said that in April 2024, he reported a fault with the battery management system to the supplying dealership, because the start-stop function had never worked and he started to receive error messages. The battery was replaced that month, which appeared to resolve the issue.

In November 2024, the fault recurred along with additional electrical problems, including keyless entry failure. Mr S also raised concerns about the car's paintwork and evidence of previous poor repairs. He lodged a formal complaint with BMWFin. The car was returned to the dealership for diagnostics on 20 November 2024 and has remained there since, with no courtesy car provided. In December 2024, Mr S requested to reject the car.

BMWFin later contacted the dealership regarding Mr S's paintwork complaint. The dealership noted that concerns were raised 11 months after purchase and that minor paint issues are typical for a car of this age. On 8 January 2025, BMWFin issued its eight-week letter stating no resolution had been reached and as Mr S was not happy, he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

It is now apparent that there was a water leak from the roof antenna bonding, causing pooling and interference with the battery system. This was deemed wear and tear and not covered under warranty, though the manufacturer agreed to cover the cost as a goodwill gesture. Repairs were completed in March 2025, but a battery drain persisted due to a fitted ghost immobiliser and tracker. As such, the car was transferred for further diagnostics, with no update on completion.

Mr S would like to reject the car, recover losses for lack of its use, and receive compensation for distress and inconvenience.

While the complaint was with us, Financial Ombudsman, BMWFin issued a response to Mr S dated 9 June 2025. They confirmed that the supplying dealership replaced the battery at its own expense on 16 January 2025 to assist with diagnosis. The dealership also advised that no courtesy car was provided due to issues with the loan car provider. BMWFin stated that

all agreed repairs were completed on 28 May 2025 at no cost to Mr S, with delays attributed to the complexity of the fault. Acknowledging that Mr S was without the car for seven months, BMWFin offered a refund of seven monthly payments (£5,845), plus £200 for distress and inconvenience and £150 for exceeding the eight-week timeframe.

The dealership confirmed repairs were completed and noted that concerns about paint protection and leather treatment were not covered under warranty due to the car's age and ownership period. BMWFin acknowledged Mr S's preference to reject the car but maintained that, as repairs were completed to a satisfactory standard and there was no evidence the car was of unsatisfactory quality, his request to reject was not upheld.

Our investigator considered Mr S's complaint. The investigator was of the opinion that Mr S was provided with a car that was not of satisfactory quality, and that Mr S should be entitled to reject the car. As such the investigator proposed what they deemed was a fair and reasonable redress.

Mr S did not accept the investigator's findings, so the complaint has been passed to me to decide.

### **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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr S acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. BMWFin is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No courtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

I know that Mr S is unhappy about certain actions/inactions of the supply dealership/broker and for some of these BMWFin might be responsible for, such as for example what was said or done during the antecedent negotiations before Mr S entered the finance agreement. But I can only consider actions/inactions of BMWFin and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership which Mr S might be unhappy about. So, in this decision I only focused on the aspects I can look into. And I am only looking at the events that have been raised by Mr S with BMWFin, the ones they had an opportunity to address in their June 2025 correspondence.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr S entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I

think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr S's case the car was four years and eight months old, with a total cash price of approximately £55,700. It had covered around 32,449 miles and it seems it was in a good overall condition. I would have different expectations of it compared to a brand-new car. However, given the age, mileage and price paid, I think it is fair to say that a reasonable person would have high expectations of it and would expect the quality of the car to be of a higher standard than a car which is more road-worn or has a lower price. Also, I think a reasonable person would expect it to be free from defects for a considerable period of time.

Mr S thinks that he should be entitled to reject the car.

The CRA sets out that Mr S has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. Mr S would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr S would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. This would be available to him if that repair had not been successful.

First, I considered if there were faults with the car.

From the evidence on file, I can see that in April 2024 Mr S was experiencing electrical faults and, at that time, the supplying dealership replaced the battery.

Later, in November 2024, when it had travelled around 41,777 miles (about 9,328 miles since supply), Mr S said the car, on multiple occasions, suffered complete functional failure, accompanied by critical and concerning warning messages related to brake control failure, emergency services malfunction, and other integral system failures. Mr S said these were directly attributable to the identified water ingress into the roof aerial antenna. Mr S said this defect had the potential to severely compromise the car's safety and operational integrity. At that time, the supplying dealership diagnosed the car with a failure of the battery power supply. Also, I can see that the supplying dealership in January 2025, upon investigation into the battery, found there to be an excessive amount of water. They removed the headlining and TCB control unit and found water on headliner and on one of the car pillars. The sunroof was excessively corroded by the water ingress and when they tested the roof shark fin, they found this to be leaking. As such they said the TCB, aerial, shark fin and battery required replacing.

Later, towards the end of February 2025, the supply dealership said they completed the repairs mentioned above, however, the battery was still draining. As such, they needed to undertake further work including disconnecting the tracker and immobiliser.

Based on all the above, I think the car was, most likely, faulty. But just because the car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr S.

BMWFin have agreed with the investigator's assessment. As such, they are no longer disagreeing that the car was of unsatisfactory quality when supplied. However, for

completeness I have I considered whether the car was of unsatisfactory quality.

The car needed to have the battery replaced twice in a span of about 11 months after supply. Also, there was of water ingress which had excessively corroded areas of the sunroof and the area around where the water was found. These needed a significant amount of work. Considering the age, mileage and the price of the car I think, most likely, a reasonable person would not expect to have such issues arise and so soon after supply. As such, I think the car cannot be reasonably considered to have been of a satisfactory quality. I think Mr S should be allowed to reject the car. This is because the car was already repaired once, Mr S did not collect the car and asked to reject it. He did this before the second repair was completed. In addition, the second repair took a long time, so it was not completed within a reasonable time and without significant inconvenience to Mr S.

I know Mr S has also mentioned other faults and issues with the car, among them some to do with the quality of the paint on the car, but I do not need to go into the details of those in this decision as I have considered that these would not make an impact on the redress I am proposing.

I think BMWFin should end the hire purchase agreement. They should collect the car from wherever it is located without charging for the collection.

Mr S has been able to use the car, so I think it is reasonable he pays for this use. As such, BMWFin can keep all monthly repayments that were made, and due, up until 20 November 2024. All other monthly repayments should be refunded, as Mr S had no use of the car since.

BMWFin should also refund the advance payment of £8,933.87.

Mr S has asked for other losses to be refunded to him such as the cost for the rear entertainment displays and exterior performance package he had installed. I do not think that Mr S had much, if any, use of these items which, to my knowledge, were not financed by the hire purchase agreement. So, assuming this is the case, I think it is reasonable for these costs to be refunded to Mr S; especially as I do not think he would have incurred these costs, had BMWFin provided him with a car that was of satisfactory quality.

Mr S also thinks he should be refunded for the Life Shine Package he purchased. It does not appear this package was paid for via the finance agreement. If this is the case, then BMWFin should refund Mr S any costs he incurred for this package after 20 November 2024, as he would have gained a benefit of it up until then. I know Mr S questioned the quality of that package, but that is not something I can consider in this decision.

Mr S also asked for other costs to be refunded. However, I do not think it would be fair and reasonable for BMWFin to be required to refund him any of his general car insurance, GAP cover, and road tax costs as he was required to have most of these while he was using the car and even after 20 November 2024, he continued to benefit from protection against fire, theft, and other risks during that period. Also, I have not seen other evidence that would allow me to say that it would be fair and reasonable that he should be refunded these costs.

BMWFin should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year. Any adverse information should be removed from Mr S's credit file, and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

I know that Mr S has mentioned this situation had an impact on him and had caused him a

lot of distress and inconvenience while trying to resolve it. Mr S has explained, in great detail, how this has impacted his life and health. Also, he had to take the car to the garages and spend a significant amount of time trying to resolve this issue. I think Mr S would not have experienced all of this, had BMWFin supplied him with a car that was of a satisfactory quality. I think BMWFin should pay him a total of £350 in compensation to reflect the impact this situation had on him.

### **My final decision**

For the reasons given above I direct BMW FINANCIAL SERVICES (GB) LIMITED to:

1. End the hire purchase agreement;
2. Collect the car from wherever it is located without charging for the collection;
3. Keep all monthly repayments that were due up until 20 November 2024. All other monthly repayments should be refunded;
4. Refund the advance payment of £8,933.87.
5. Upon proof of payment, refund Mr S the amount he paid for the rear entertainment displays and exterior performance package he had installed;
6. Upon proof of payment, refund Mr S any costs he incurred for Life Shine Package after 20 November 2024;
7. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
8. Pay Mr S a total of £350 compensation for distress and inconvenience caused;
9. Remove any adverse information recorded on Mr S's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

If BMW FINANCIAL SERVICES (GB) LIMITED considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 January 2026.

Mike Kozbial  
**Ombudsman**