

The complaint

Miss B complains that a car acquired under a hire purchase agreement with BMW Financial Services (GB) Limited trading as Alphera Financial Services (“AFS”) wasn’t of satisfactory quality when it was supplied to her. She would like to reject the car.

Miss B has been represented throughout this complaint. But for ease of reading, I will refer to Miss B only within this decision.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In June 2024, Miss B entered into an agreement to acquire a used car. It was supplied by a dealership (H). Miss B paid a deposit of £1,000, and the balance purchase was provided under a hire purchase agreement with AFS. The car was approximately four years old and had covered approximately 58,100 miles when the agreement started. The agreement was for 49 months, with 48 monthly repayments of £233.82 and a final optional payment of £6,428 if Miss B wanted to keep the car at the end of the agreement. The cash price of the car was £13,480.

In September 2024, Miss B got in touch with AFS to raise concerns about the car. She had experienced water ingress into it. She wanted to reject the car at this point. She supplied a diagnostic report from a third-party garage that explained the water ingress and suggested where it was coming from, although it wasn’t able to undertake the work to fully establish the problem. AFS said that they were allowed one opportunity to repair and explained to Miss B in a final response letter in October 2024 that H would be undertaking the repairs.

Miss B has previously brought a complaint to our service about the above, which our investigator gave an answer to in February 2025, accepting that AFS should have the opportunity to repair. I only mention it here as it’s relevant background to the additional complaint Miss B has brought to our service.

Miss B got in touch with H in early 2025 to say that the windscreen wipers on the car had stopped working, and along with the water ingress that was still happening, she continued to want to reject the car. H arranged for an independent report to be completed on the car. The report took place in March 2025 – and the report concluded that any faults were as a result of general maintenance and wear and tear, and wouldn’t have been present or developing at the point the car was supplied to Miss B. Because of this, H didn’t arrange the repairs.

Miss B complained again to AFS. They took a while to answer her complaint, so she brought the complaint to our service in the meantime. While our investigator was looking into things, AFS issued their final response to the complaint. They didn’t uphold it – they said the report didn’t support that the faults were present when the car was supplied – but they offered Miss B £100 compensation as her customer journey hadn’t been as AFS would expect it to be.

Our investigator upheld the complaint. He said he wasn't persuaded by the independent report as he didn't think it had investigated the well-known issues with the car in a suitable way, and there were inaccuracies with the mileage reported on the report. He said AFS had confirmed in October 2024 that the repairs would be arranged, and as they hadn't been, Miss B had been waiting too long and with significant inconvenience. He said she should now be able to reject the car and AFS should end the agreement. He said they should arrange to collect the car, and refund Miss B's deposit. He also said they should pay a total compensation amount of £250.

Miss B accepted, but AFS didn't. They felt the independent report and their willingness to try and resolve the situation hadn't been taken into account, and they didn't think rejection of the car was a fair or proportionate remedy.

As AFS didn't agree, 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of this complaint. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

As the hire purchase agreement entered by Miss B is a regulated consumer credit agreement this service is able to consider complaints relating to it. AFS are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) also covers agreements like the one Miss B entered. Because AFS supplied the goods under a hire purchase agreement there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Miss B's case, the car was used and covered approximately 58,100 miles when she acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has already provided both parties with a detailed opinion and has also provided AFS with a detailed response post-view, to confirm why he has reached the outcome he has. He has said that he's satisfied the car wasn't of satisfactory quality when it was supplied to Miss B, and that AFS have had an opportunity to repair since October 2024.

He feels this has taken too long, and Miss B should now be able to reject the car. I agree with our investigator in this case. I'll explain why.

AFS issued a final response letter to Miss B's previous complaint in October 2024 which said that the repairs would be dealt with by H. However, H commissioned an independent report to be done in March 2025, and the results of which AFS have relied upon to decline Miss B's additional complaint.

I'm not persuaded by the findings of the independent report that has been provided for a couple of reasons. The nature of the faults with Miss B's car were well-known to AFS and H prior to the report being requested. It was clear it was a problem with water ingress, and Miss B had previously provided a detailed diagnostic report from a third-party garage, along with her own photographic evidence, which explained that water had needed to be run onto the car for a couple of hours to determine that it was allowing water ingress. The independent report confirms the weather conditions were dry when the car was inspected, and there is no suggestion a water test of any sort was carried out during the inspection to try and replicate the faults Miss B had reported. The report did confirm a smell of stagnant water within the cabin of the car but put this down to being more likely caused by blocked scuttle panel drains. There is no evidence to suggest that is the reason, or that any other investigation into the smell was done.

The report also concludes that the faults identified are more indicative of wear and tear as opposed to having been present or developing at the point of supply. But the report doesn't show the accurate mileage of the car, it is approximately 40,000 miles above the mileage the car had actually covered. So, I'm satisfied that any finding on wear and tear hasn't been based on the accurate condition of the car, or how it has been used by Miss B since being supplied with it – so the assertion any faults are purely caused by wear and tear should be ignored in this case.

Miss B brought the concerns with the car to AFS's attention originally in September 2024. This was within six months of being supplied with it, so the onus was on AFS to show the faults, at that time, wouldn't have been present or developing at the point of supply. AFS have said that Miss B caused delays in allowing H to arrange the repairs, as she didn't provide a repair invoice when requested. She'd only provided the diagnostic report. But the onus at this point wasn't on Miss B to prove anything, or to supply an estimate to AFS or H for the repairs. That was for them to take responsibility for.

The CRA allows for one opportunity to repair, which our investigator accepted was reasonable for AFS to take forward in Miss B's previous complaint – which was dealt with by our service in February 2025. However, the CRA also explains that the repairs should be completed in a reasonable time and without significant inconvenience to Miss B. I'm not satisfied that has been adhered to in this case – AFS accepted in October 2024 that H would be undertaking the repairs. Being 16 months further down the line with the car still not repaired isn't a reasonable position for AFS to place Miss B in.

As I'm satisfied the repairs haven't been completed in a reasonable time or without significant inconvenience to Miss B, my decision is that she can now reject the car. AFS should end the agreement and Miss B shouldn't be responsible for any further monthly repayments. AFS should also arrange to collect the car from Miss B, at no cost to her, and refund her deposit contribution of £1,000.

The CRA explains that a deduction can be made from any refund to take account of the use the consumer has had of the goods since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. There isn't an industry standard mileage figure. My role is to decide cases quickly and informally – and I have to

bear in mind Miss B has continued to use the car since while she's been in possession of it. So, in this case I think it's fair for AFS to retain all the monthly payments Miss B has made towards the agreement to reflect the use she's had of the car.

Miss B has explained the impact having a car of unsatisfactory quality has had on her and her family. It's clearly been a troubling time for her and has been ongoing for some time. No amount of money can change what's happened. But the compensation I'm awarding is in line with what's awarded where the impact of the mistake has caused considerable distress, upset, or worry. I'm directing AFS to pay Miss B a total of £250 compensation to reflect the inconvenience of being supplied with a car of unsatisfactory quality. I'm aware AFS made an offer to pay £100 in their final response letter in August 2025, so if that has been paid they only need to pay an additional £150 following this decision.

I'd like to remind Miss B she'd able to reject this decision if she thinks she can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I uphold this complaint. BMW Financial Services (GB) Limited trading as Alphera Financial Services must:

- End the finance agreement ensuring Miss B is not liable for monthly repayments after the point of collection (they should refund her any overpayment for these if applicable).
- Take the car back without charging Miss B for collection (if this has not been done already).
- Refund Miss B's deposit contribution of £1,000.
- Pay 8% simple interest on that refund, from the date of payment until the date of settlement.
- Pay Miss B a total of £250 compensation for the upset she's been caused by being supplied with a car of unsatisfactory quality.
- Remove any adverse information, in relation to this agreement, from Miss B's credit file (if applicable).

*If BMW Financial Services (GB) Limited trading as Alphera Financial Services consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss B how much they've taken off. They should also give Miss B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 30 March 2026.

Kevin Parmenter
Ombudsman