

The complaint

Mr M complains that a car that was supplied to him under a hire purchase agreement with BMW Financial Services (GB) Limited wasn't of satisfactory quality.

What happened

A new car was supplied to Mr M under a hire purchase agreement with BMW Financial Services that he electronically signed in September 2023. The price of the car was £56,848.17, Mr M made an advance payment of £8,221.99 and he agreed to make 47 monthly payments of £558.78 to BMW Financial Services. There was also an optional final payment of £28,289.66.

There was an issue with the car in November 2023 and Mr M complained to BMW Financial Services about it. It said that the dealer was unable to replicate the fault so a technical case for investigation by a senior manufacturer's technician had been opened and the recommended remedies were carried out. It had been determined that the car was safe for use and no further faults had been found. BMW Financial Services refunded £1,117.56 of payments to Mr M and paid him £150 compensation in recognition of the delays experienced and the distress and inconvenience caused.

A similar issue occurred in February 2025, so Mr M returned the car to the dealer, but it wasn't able to replicate the fault. Mr M complained to BMW Financial Services and said that he wanted to reject the car. It didn't agree that the issue that Mr M had encountered was present or developing at the point of sale, but due to the length of time that the complaint had gone on for, it offered him £150 as a gesture of goodwill.

Mr M wasn't satisfied with its response so referred his complaint to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that BMW Financial Services had acted fairly. He didn't think that the car was of satisfactory quality when BMW Financial Services supplied it to Mr M, so he said that he should be able to reject the car. He recommended that BMW Financial Services should: take the car back without charging for collection; refund Mr M's deposit of £8,221.99 and rentals for the period from when the car was returned to the dealer, all with interest; pay £250 for any distress or inconvenience that's been caused; and, if applicable, remove any adverse information from Mr M's credit file in relation to the agreement.

BMW Financial Services hasn't accepted the investigator's recommendation and has requested that the complaint be reviewed by an ombudsman. It says that, in the absence of an independent inspection report, it needs to rely on the technical evidence it has from the dealer, and it has been unable to find a fault.

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.

BMW Financial Services, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr M. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr M was a new car costing £56,848.17 and I consider that it was reasonable for him to expect that it would be free from even minor defects.

The car was supplied to Mr M in September 2023 and there was an issue with it about two months later. BMW Financial Services says that the dealer was unable to replicate the fault so a technical case for investigation by a senior manufacturer's technician had been opened, the recommended remedies were carried out, and it was determined that the car was safe for use and no further faults had been found.

Mr M says that an identical issue occurred in February 2025 and the car suddenly and abruptly came to a complete stop. He's provided a photo of the car's dashboard which clearly told him to stop because of a drivetrain fault and included a message that says: *"Stop carefully and exit ready-to-drive mode. Do not continue driving. Secure vehicle with parking brake when stationary. Call roadside assistance"*.

The car was returned to the dealer but it was unable to find a fault and BMW Financial Services said that it didn't agree that the issue that Mr M had encountered was present or developing at point of sale. The car was then about seventeen months old, but that was the second time that Mr M had experienced that issue and recommended remedies had already been carried out on the car. I don't consider that it's reasonable to expect a car that was new when supplied and that cost £56,848.17 to have this issue twice in seventeen months. I consider it to be more likely than not that there's a fault with the car that was present when it was supplied to Mr M and that the car wasn't of satisfactory quality at that time. I consider that Mr M should be able to reject the car and that BMW Financial Services should take the actions described below to put things right.

Putting things right

I find that it would be fair and reasonable in these circumstances for BMW Financial Services to end the hire purchase agreement and arrange for the car to be collected from Mr M, both at no cost to him. The hire purchase agreement shows that Mr M made an advance payment of £8,221.99 for the car. I find that it would be fair and reasonable for BMW Financial Services to refund the advance payment to Mr M, with interest.

Mr M says that he hasn't used the car since the issue occurred in February 2025. I find that it would be fair and reasonable for BMW Financial Services to refund to Mr M the payments that he's made under the hire purchase agreement for the period since then, with interest. BMW Financial Services says that the car has covered at least 10,340 miles and I consider that it's fair and reasonable for it to keep the payments that Mr M made to it for the period before then (other than the payments that have already been refunded to Mr M) as payment for the use that he's had from the car.

These events have clearly caused distress and inconvenience for Mr M. I find that it would also be fair and reasonable for BMW Financial to pay him £250 to compensate him for that distress and inconvenience. The investigator said that, if applicable, BMW Financial Services should remove any adverse information from Mr M's credit file in relation to the agreement. I've seen no evidence to show that BMW Financial Services has reported any adverse information about the hire purchase agreement to the credit reference agencies but, if it has done so, I consider that it should remove that information from Mr M's credit file.

My final decision

My decision is that I uphold Mr M's complaint and order BMW Financial Services (GB) Limited to:

1. End the hire purchase agreement and arrange for the car to be collected from Mr M – both at no cost to him.
2. Refund to Mr M the advance payment that he made for the car.
3. Refund to Mr M the monthly payments that he's made under the hire purchase agreement for the period since the issue with the car occurred in February 2025.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr M's credit file.
6. Pay £250 to Mr M to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires BMW Financial Services to deduct tax from the interest payment referred to above. BMW Financial Services must give Mr M a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 December 2025.

Jarrold Hastings
Ombudsman