

The complaint

Mrs G has complained that BMW FINANCIAL SERVICES (GB) LIMITED trading as Alphera Financial Services supplied her with a car that wasn't of satisfactory quality.

What happened

Mrs G took out a car finance agreement with Alphera in January 2025. However, on 20 February 2025, the engine management light came on and the car wouldn't start. Roadside assistance took the car to a garage, where a software update was carried out. But Mrs G has explained that the same issue occurred on 20 May 2025, and she said she wanted to reject the car.

The dealership said it couldn't identify a fault, so wouldn't accept rejection. There was then some back and forth, until on 10 June 2025 the garage confirmed there were a number of stored fault codes which needed resolving. Then on 11 and 15 July 2025 the garage said the repairs had been unsuccessful.

Mrs G brought her complaint to our service, after which Alphera sent its final response letter. It said it was upholding the complaint because repairs had been unsuccessful. It said the dealership would collect the car, a refund of the deposit would be arranged, and Alphera would pay £250 compensation for the distress and inconvenience caused.

One of our investigators considered Alphera's offer. He noted that Mrs G had always either been able to use the car, or had use of a courtesy car. However, he agreed that the courtesy cars were of a lower specification than Mrs G's car, so thought it fair she be refunded 15% of her repayments for the times she had courtesy cars, to reflect the loss of enjoyment.

Further, after the car was returned on 22 September 2025, a further repayment was taken on 1 October 2025. Our investigator said Mrs G should be refunded this, as she no longer had the car.

Our investigator said he understood the matter had been very frustrating for Mrs G, but he thought the £250 compensation offered was fair to address this.

Mrs G disagreed. She feels that as she rejected the car, she should be refunded in full, less a deduction for fair usage. She doesn't feel a limited percentage refund reflects this. She also noted that it was the dealership which supplied courtesy cars, not Alphera, and they did not restore the benefit of the financed car.

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, I agree with the redress proposed by our investigator – with the clarification that all repayments should be refunded from 22 September 2025, as this is when the car was returned.

Mrs G is correct in saying that the typical remedy involves a deduction for fair usage. Sometimes this may be done in terms of calculating miles travelled, for example, and charging a certain rate per mile. Here, I think that a 15% refund for the times Mrs G was without the financed car (or, in other words, Alpera retaining 85%) is a reasonable way of achieving this. I say this because Mrs G was always kept mobile, but didn't have the car she was paying for. It's not an exact science, but this seems a reasonable percentage on balance. This is the case regardless of who provided courtesy cars, as the issue is whether she was kept mobile or not. And I see no reason why full payment shouldn't be retained for the period Mrs G had full use of the financed car.

As regards the compensation for distress and inconvenience, I agree that £250 is fair. It's a significant sum and is in line with similar awards made by our service. It's what I've have awarded, had it not already been offered.

Putting things right

To put things right, Alpera should:

- fully refund repayments from 22 September 2025 onwards, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund 15% of repayments for the times Mrs G had a courtesy car, adding 8% simple interest a year, from the date of each payment to the date of settlement; and
- pay Mrs G £250 compensation, if it hasn't already.

My final decision

It's my final decision to uphold this complaint, and require BMW FINANCIAL SERVICES (GB) LIMITED trading as Alpera Financial Services to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 18 May 2026.

Elspeth Wood
Ombudsman