

The complaint

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

What happened

A new car was supplied to Miss A under a hire purchase agreement with BMW Financial Services that was entered into in September 2023. The price of the car was £54,105, Miss A made an advance payment of £6,614.37 and she agreed to make 47 monthly payments of £554.15 to BMW Financial Services. There was also an optional final payment of £27,210.60.

There were issues with the car in November 2024 so the car was returned to the dealer but the issues continued and Miss A said that she wanted to reject the car. She complained to BMW Financial Services about the car in February 2025. It upheld her complaint regarding the faulty integrated braking module as it was replaced following a recall but said that it was unable to uphold her complaint about rejecting the car as the repair was accepted, and the car was then of satisfactory quality. It offered to pay her £150 due to the distress and inconvenience that she'd suffered whilst the complaint was on-going.

Miss A wasn't satisfied with its response so referred her complaint to this service. It 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 thought that the car wasn't of satisfactory quality when supplied, the car was returned to the dealer on multiple occasions before the integrated braking module was replaced and Miss A requested a rejection of the car before it was replaced, so she should've been allowed to reject the car. He recommended that BMW Financial Services should end the finance agreement and take the car back; refund Miss A's deposit of £6,614.37, with interest; and pay her £350 for any distress or inconvenience that's been caused.

Miss A stopped using car in October 2025 when she bought another car, so the investigator recommended that BMW Financial Services should also refund rentals (and tax and insurance payments) from 22 October 2025, with interest. BMW Financial Services hasn't accepted the investigator's recommendations, so I've been asked to issue a decision on this complaint.

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 Miss A. 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 Miss A was a new car with a price of £54,105 and I consider that it was reasonable for her to expect that it would be free from even minor defects.

BMW Financial Services accepts that there have been faults with the car, including a safety recall, and that the dealer has replaced the car's integrated braking module. I consider that the fault caused the car not to have been of satisfactory quality when it was supplied to Miss A. Miss A has provided a detailed timeline about the issues with the car, which started in November 2024, and caused the car to breakdown multiple times and be recovered. The car had been seen by the dealer in November and December 2024, after the breakdowns, and it had said that the issues had been resolved. After the car broke down for the third time, it was taken back to the dealer in December 2024 and Miss A said that she wanted to reject the car.

The car was then only about fifteen months old and the dealer's attempts to repair the faults with the car had failed, so I consider that Miss A had the right at that time to reject the car and that the dealer should have accepted her request to reject the car. The dealer repaired the car, but I consider that Miss A only accepted the repair and took the car back because the dealer had told her that she couldn't reject the car. Although the car has been repaired, Miss A says that she no longer has any confidence or trust in it, but continued to use it until October 2025 as she had no other alternative until she bought a new car. I find that it would be fair and reasonable in these circumstances for BMW Financial Services to allow Miss A to reject the car and to take the actions described below to put things right.

Putting things right

I find that it would be fair and reasonable for BMW Financial Services to end the hire purchase agreement and arrange for the car to be collected from Miss A, both at no cost to her. The hire purchase agreement shows that Miss A made an advance payment of £6,614.37 for the car. I find that it would be fair and reasonable for BMW Financial Services to refund to Miss A the advance payment that she made for the car, with interest.

Miss A was provided with a hire car when her car was being repaired by the dealer and she continued to use the car until October 2025, when she bought another car, so I consider that it's fair and reasonable for BMW Financial Services to keep the monthly payments that she's made under the hire purchase agreement for the period up to 22 October 2025 as payment for the use that she's had from the car. I find that it should refund to Miss A the monthly payments that she's made under the hire purchase agreement for the period from 22 October 2025, when she stopped using the car, with interest. I find that it should also reimburse Miss A for the cost of taxing and insuring the car for the period since then, with interest, and she should provide it with evidence of those costs.

Miss A has described the distress and inconvenience that she's been caused and the investigator recommended that BMW Financial Services should pay her £350 for any distress or inconvenience that's been caused. I find that it would also be fair and reasonable for BMW Financial Services to pay Miss A £350 to compensate her for that distress and inconvenience.

My final decision

My decision is that I uphold Miss A'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 Miss A, both at no cost to her.
2. Refund to Miss A the advance payment that she made for the car.

3. Refund to Miss A the monthly payments that she's made under the hire purchase agreement for the period from 22 October 2025.
4. Reimburse Miss A for the cost of taxing and insuring the car for the period from 22 October 2025.
5. Pay interest on the amounts at 2, 3 and 4 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
6. Pay £350 to Miss A to compensate her for the distress and inconvenience that she'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 Miss A a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 December 2025.

Jarrold Hastings

Ombudsman