

## The complaint

Miss B complains about the quality of a car she acquired under a hire purchase agreement with BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services (Alphera).

When I refer to what Miss B and Alphera said or did, it should also be taken to include things said or done on their behalf.

## What happened

In April 2024, Miss B entered into a hire purchase agreement with Alphera to acquire a brand new car. The total cash price of the car was £18,130. There was an advance payment of £1,570.48. The finance agreement consisted of 47 monthly repayments of £255.41 followed by an optional final repayment of £8,987.

Miss B said that a few weeks after supply, the car experienced faults with the media consol and, sometimes, it would not start. She also said that the start/stop function never worked. The car went into the dealership on 16 August 2024 and was there until the 17th of the same month. Later, on 30 August 2024, it was rebooked for repairs of the start/stop function. However once she picked up the car, she was getting error messages about the brake and the clutch. As such, she said she asked to reject the car. In addition, she said she is still sometimes experiencing issues with the media console and its functionality. Miss B said she was provided with a car that was not fit for purpose and was of unsatisfactory quality.

On 9 May 2025, Alphera wrote to Miss B. Alphera said that the supply dealership informed them that in August 2024, Miss B reported issues with the start/stop and media system issues. On inspection, they were unable to find a fault with the non-start issue and the media system. They did however discover a slight leak within the clutch master cylinder, which required a replacement pedal. Alphera said they further advised Miss B, who contacted them again in September 2024, reporting further issues to arrange a booking for inspection to confirm the presence of the said faults. Alphera said the dealership advised them that Miss B declined this option.

In light of the above, and in order to facilitate a resolution, Alphera said they arranged for an independent inspection to be carried out. Alphera said they received the independent report from the inspection on 7 May 2025. The outcome of the report confirmed the issues would have been present at point of sale, however the liability was on Miss B, as she was given the opportunity to return the car to have the issues investigated/repared, but refused to make an appointment. Alphera said that, whilst they were unable to facilitate her request to reject the car, they were happy to resolve the said issues via the dealership, who are in a position to help. As such, they asked Miss B to contact the dealership and offered to pay her £150 for the distress and inconvenience caused.

Miss B remained unhappy with the above, so her complaint was considered by us, the Financial Ombudsman Service (Financial Ombudsman).

Our investigator looked at the complaint and upheld it. The investigator was of the opinion that the car was of unsatisfactory quality and Miss B should be entitled to reject the car. They explained what Alphera should do to put things right.

Alphera agreed with the investigator.

Miss B disagreed with the investigator as she did not think the redress proposed was enough. As such, 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, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Miss B acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. Alphera 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 discourtesy 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 Miss B is unhappy about certain actions/inactions of the supply dealership/broker and for some of these Alphera might be responsible for, such as for example what was said or done during the antecedent negotiations before Miss B entered into the finance agreement. However, I can only consider actions/inactions of Alphera and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership/broker which Miss B might be unhappy about. As such, 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 Miss B with Alphera, the ones they had an opportunity to address in their 9 May 2025 correspondence.

Miss B has made references to other cases at this service. However, we provide informal dispute resolution, our decisions do not create binding precedents. Whilst there may be similarities between complaints, all complaints at our service are considered on their individual facts and merits. Here, I make my decision based on what I think is fair and reasonable considering all the circumstances of this specific complaint and, more particularly, by looking at things that Alphera is responsible for.

Miss B also mentioned that, for a certain amount of time, she was driving a dangerous and unsafe car and she put herself, her family, friends and other road users at risk. However, Miss B has not suffered a direct loss because of this. Thus, I cannot comment and take into consideration what might have happened, as we consider each complaint on its own merits and based on its own specific set of circumstances. Additionally, Miss B mentioned that Alphera has provided her with personal information of another individual. As such, she feels that they may have sent her information to another person too. First, I should explain that I in

this decision I can only look at the impact of Alphera's action/inaction on Miss B and not on others. Second, I have not seen enough evidence to say that, most likely, Alphera has breached Miss B personal data.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss B 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 Miss B's case the car was brand new, with a cash price of approximately £18,130. Given that the car was new and considering the price paid, I think it is fair to say that a reasonable person would expect it to be of a higher quality than a cheaper and/or previously used car. I think it would also be reasonable to expect the car to last a considerable period of time before any problems occurred, and it would be reasonable to expect it to be free from even minor defects shortly after it was acquired.

Alphera is no longer disputing that the car had faults that rendered it of unsatisfactory quality, as they have now accepted the investigator's findings. As such, they accepted that Miss B can exercise her right to reject the car. Bearing this in mind, I do not think I have to go into great detail in making a finding on whether the car was of unsatisfactory quality at the point of supply. However, for completeness, I will say that given the age, mileage of the car, and the price paid, combined with how quickly Miss B raised the issues, I think most likely, the car was of unsatisfactory quality when it was supplied to Miss B.

I can see from the evidence on file that there was a leak within the clutch master cylinder which required a replacement pedal switch/master. I can also see that the car had other faults with the media console, and it sometimes would not start. It also had issues with the start/stop function not working. Considering all the faults with the car when it was repaired in August 2025, I think the car was not of satisfactory quality and, more specifically, not reasonably durable when considering the age, price, mileage, nature of the faults and when the issues were raised. A reasonable person would expect such a car to be free from even minor defects shortly after it was acquired.

Following this, an independent inspection was completed in May 2025, when the car had travelled around 7,324 miles since supply. The inspection confirmed that car had ongoing stop/start issues which, the engineer concluded, would have been developing at the point of supply. As such, I think most likely, the car was of unsatisfactory quality when it was supplied to Miss B. I have considered that any further repairs would cause further inconvenience to Miss B. In addition, the supplying dealership had one attempt at a repair, and as such I think it is only fair and reasonable that Miss B is able to exercise her right to reject the car at this point. Hence, there remains a question of how Alphera should put things right for Miss B.

Miss B has been able to use the car until May 2025, except for the days when the car was being fixed. As such, I think it is reasonable she pays for this use. Alphera can keep any payment Miss B was responsible for making up until she stopped using the car in May 2025.

In addition, I think Alphera should refund Miss B 10% of all payments she had made from August 2024 (after the initial issues were raised) until May 2025 (when she stopped using the car). There is no perfect way to calculate the loss of use and the impaired use of the car.

However, while the earlier repairs were taking place, Miss B had no access to her car. Miss B had experienced issues from early on, and she was having issues all the way through until she stopped using the car in May 2025. Driving with the above-mentioned faults would have taken away from the utility and enjoyment of the car. As such I think 10% is a fair amount to cover the loss of use and the impaired use of the car.

Alphera should also refund the advance payment of £1,570.48 Miss B made towards the car.

Miss B also asked for other costs to be refunded. However, I do not think it would be fair and reasonable for Alphera to be required to refund her the car insurance and road tax costs, as she was required to have these while she was using the car and, even after May 2025, she 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 she should be refunded these costs.

I know Miss B said that she had limited use of the car (approximately 8,000 miles in about a year). As such, she feels that she should get a higher refund than what was proposed by the investigator. However, I think a higher refund would be disproportionate and unfair to Alphera. When thinking about putting Miss B back in the position she would have been in, had she not been supplied with a car of unsatisfactory quality and had purchased a car with similar specifications, I believe most likely, she would have incurred similar payments during the period in question. And, except for the dates mentioned above, Miss B has been able to use the car and has done a reasonable number of miles. As such, I think it is only fair and reasonable she pays for this use. In addition, I'm already saying that Miss B is not responsible for any monthly contractual payments when she had no use of the car plus is entitled to 10% refund of the payments for the loss of use and the impaired use of the car.

Furthermore, any adverse information should be removed from Miss B's credit file. The credit agreement should be marked as settled in full on her credit file, or something similar, and should not show as a voluntary termination.

Alphera 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 interest per year.

I think this matter caused Miss B a lot of distress and inconvenience when trying to resolve it. She had to take the car to get it repaired on more than one occasion and she spent a significant amount of time communicating with Alphera when trying to set things right. I think, she would not have had to do all that if Alphera supplied her with a car that was of a satisfactory quality. In addition, she told us that not having access to her car has significantly impacted her life and health. I understand that Alphera offered to pay her £150, however I think they should pay her a total of £300 to reflect the distress and inconvenience caused.

### **My final decision**

For the reasons given above, I uphold this complaint and direct BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services to:

1. End the finance 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 May 2025 when Miss B stopped using the car. All other monthly repayments should be refunded;
4. Refund Miss B 10% of all the payments she had made from August 2024 (after the initial issues were raised) until May 2025 (when she stopped using the car);
5. Refund the advance payment of £1,570.48;

6. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
7. Pay Miss B £300 compensation for the distress and inconvenience caused.

If BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services considers that tax should be deducted from the interest element of my award, they should provide Miss B with a certificate showing how much they have taken off, so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 February 2026.

Mike Kozbial  
**Ombudsman**