

The complaint

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

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

What happened

In May 2024, Mr M entered into a hire purchase agreement with Alphera to acquire a used car. The car was first registered in March 2018. At the time of acquisition, the car had travelled approximately 63,000 miles. The total cash price of the car was approximately £23,650 when Mr M acquired it. The total amount payable under the finance agreement was £27,387.10. There was an advance payment of 3,000. The duration of the agreement was 24 months. There were 23 monthly repayments of £239.70 and one optional final repayment of £18,874.

Mr M said the car was sold to him as a luxury one with full-service history that would undergo a new MOT and service prior to its delivery. To deliver the car to Mr M it had been driven from another city (in excess of 200 miles and roughly 4 hours of driving). Upon delivery, Mr M said he checked it over for damage, checked the mileage, and the fluid and oil levels. The car had 62,559 miles on the clock and had not a single drop of oil in the engine, as it took all eight litres of oil (at a cost of £90). He said he was completely taken aback and surprised by this as the car, apparently, had a full service the day before where it had a full oil change.

Mr M said that shortly after the delivery he was away for about a month, but once he came back he drove the car for about 1,000 miles. At this point, the car developed an engine management warning light. It then had diagnostics carried out and was given a top up of oil at the garage as it was, again, running low on the fluid. The diagnostics suggested it could possibly have an EGR fault, but he was able to drive safely until a repair date was available. Unfortunately, after 1,537 miles of ownership it then suffered a full breakdown on 21 July 2024, and it was returned to him on the 17 September 2024. At that point the engine was stripped, repaired and had a full oil change.

Mr M said that it was during this repair it was discovered that the car did not have an oil filter at all, despite, apparently, being serviced by the dealership. This was extremely concerning to Mr M as he suspected that the dealership had either falsified its most recent service or they had forgotten to fill it with oil and replace the oil filter when conducting the service. Mr M said the repair was mostly covered by the warranty company, however, they were unable to provide him with a courtesy car and he was not covered for minor things, such as the missing oil filter (at a cost of £14). Mr M said that this is something that absolutely should not have been missing from the car as any contaminants and metal shavings, this filter would normally catch, were entering the engine and its moving components. Also, due to this he had to pay for a hire car at a cost of £747.44 for 5 weeks.

Mr M said he got the car back on 17 September 2024 between that date and the start of November, he went through another four litres of oil, and on the 15 December 2024 the car suffered another full breakdown at exactly 2,000 miles since its first breakdown. This equates to 3,537 miles of ownership and two full breakdowns while being topped up with 20 litres of oil.

When the car was assessed, it turned out that both turbos in the car had failed prematurely, and the DPF would likely also need to be replaced. Mr M said that, as the supplying dealership and the warranty company did not want to fix the car, he had to get it uplifted to his property and he paid £804 for all labour carried out at this point as it was not covered under any warranty due to the oil issue being a pre-existing problem.

Mr M said that, overall, the car has been off the road for 22 weeks in his 42 weeks of ownership. It had cost him £818 in garage bills, £747.44 in car hire costs, and roughly £150 in oil. He also had to take out a loan to get a temporary car. Mr M said that all of this has caused him distress and inconvenience and has affected his health. He also feels that he should be fully refunded for any monthly payments, insurance payments, and road tax payments for the time the car has been off the road.

On April 2025 Alpera wrote to Mr M and said they understand that his complaint centres around the fact that when the car was supplied to him, it was low on oil which had caused issues to major engine components. They said Mr M believes that the car was supplied with no oil filter which in turn has also affected the turbo. They said the car first broke down on 21 July 2024 and was repaired on 17 September 2024. Alpera said that when they checked with the dealership, they confirmed that the car did have an oil filter, however it was using more oil as there was an issue with the timing chain which was replaced under warranty. The dealer explained that if the car did not have an oil filter the warranty company would not be liable to carry out the repairs.

Alpera also said that the latest repairing garage also confirmed that there was a filter when they carried out their inspection and that during this repair, the engine was stripped for repair, and the oil was changed and the oil filter replaced as standard. Alpera said there were no faults with the turbo mentioned at this stage, and the car had driven for another 2,000 miles, before it suffered another breakdown on 15 December 2024. The oil was low at this point, as the issue appeared to be related to the new turbo issue, which caused oil dispersion to different parts of the engine, causing it to use more oil. Alpera also said that as the issue with the turbo is a new issue which has developed outside of six months of ownership, they would not be liable for the repair or able to accept rejection of the car.

In this correspondence Alpera also apologised for the length of time it has taken for them to fully respond to Mr M. However, they said, as his complaint has been raised past six months since the point of supply, they said the onus is on him to provide evidence which confirms that the current fault with car would have been present or developing at purchase. So they said, they would require a diagnostic or an independent car inspection report to demonstrate that any current faults with the car were present or developing when it was supplied, and were not a result of wear and tear. Alpera concluded the correspondence by saying that due to the length of time the complaint has been open for, they are happy to offer £150 for the distress and inconvenience that this has caused Mr M.

Mr M was not happy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Mr M's complaint. The investigator was of the opinion that Mr M was provided with a car that was not of satisfactory quality, and that Mr M should be entitled to reject the car.

Alphera did not accept the investigator's findings, so the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision 5 November 2025. In the provisional decision I said:

“What I've provisionally 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. Mr M 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.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M 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 Mr M's case the car was about six years old, with a total cash price of approximately £23,650. It had covered around 63,000 miles. So, the car had travelled a reasonable distance, and it is reasonable to expect there to be some wear to it because of this use. I would have different expectations of it compared to a brand-new car. As with any car, there is an expectation there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. With second-hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. Alphera would not be responsible for anything that was due to normal wear and tear whilst in Mr M's possession.

Mr M thinks that he should be entitled to reject the car.

The CRA sets out that Mr M has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. Mr M would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr M would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. And this would be available to him if that repair had not been successful.

First, I considered if there were faults with the car.

From the evidence on file, I can see that on 21 July 2024 when the car had travelled around 64,096 miles (about 1,500 miles since supply) it had a reason for failure stated as: “variable valve timing sprocket bolts, sheared that holds the sprocket together, causing timing chain failure and eight broken camshaft rockers”.

Moreover, when the car broke down for the second time in mid-December 2024, when it had travelled around 66,096 miles (about 3,500 miles since supply), it was found that the DPF was blocked, and that it would need repairs to the turbo because the intercooler was found to have excessive oil.

Based on all of the above, I think the car was, most likely, faulty. But just because a car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr M.

First, I considered the first time the car broke down. And I think that, most likely, the repairs the car required at that time would render it of unsatisfactory quality. When arriving at this conclusion, I have considered that a reasonable person would expect the variable valve timing sprocket bolts to last longer than they did. So, I think most likely they would render the car not reasonably durable. But I also think that these issues most likely were present or developing at the point of supply. I say this because Mr M was only able to only cover about 1,500 miles since supply before the car broke down. And considering the age, mileage and the price of the car I think, most likely, a reasonable person would not expect to have such issues to arise so soon, especially ones that have such significant expense. The warranty company paid for these repairs and the car was returned to Mr M, so I have considered what happened after this.

The second break down of the car occurred when it had travelled around 66,096 miles (about 3,500 miles since supply). It was found that the DPF was blocked, and that it would need repairs to the turbo because the intercooler was found to have excessive oil.

Alphera thinks that because Mr M raised the turbo issues more than six months after supply, he should provide proof that the car was of unsatisfactory quality. But I do not think it would be fair and reasonable to request Mr M to provide such proof because during the first six months he was without a car for about two of those months while it was getting repaired after the first breakdown.

Also, Alphera believes that they should not be responsible for the turbocharger issue because an engineer reported that the car is displaying symptoms of turbo charger wear which would not be unexpected at the car’s age and mileage. So, I have taken this into consideration, but I have also taken into consideration that I have not seen the full report of that engineer. As such, I do not know exactly what else was in that report and I do not know if the engineer was aware of the previous repairs or not before making their conclusions.

I think the information on previous repairs, most likely, would be relevant, because the faults that were previously repaired could contribute to problems with the turbocharger. This is because timing system failures can affect the turbo, as the turbo system relies heavily on

clean, pressurized oil for lubrication and cooling. If the timing chain failure caused metal debris or oil contamination, this could damage its bearings or restrict oil flow. Also, if the engine was run with low oil pressure due to failures, the turbo may have suffered heat damage or bearing wear. Plus, if there was poor combustion, misfires, or exhaust flow irregularities, these too can affect the turbo. Considering everything, including that Mr M was only able to travel around 2,000 after the first repair, I think previous failures, subsequently repaired, most likely did contribute to the problems with the turbocharger.

In addition, I have thought about the fact that, most likely, a reasonable person would not expect a turbo to fail at the point it did, when considering the life expectancy of that part. The turbo failed when the car had travelled around 66,096 miles. So, based on the expected lifespan of the turbocharger in this make and model of car, I think, most likely, it should not have failed when it did. As such, I think the car was not reasonably durable.

Therefore, when taking everything into consideration, I think most likely, the issues with the turbo would render the car of unsatisfactory quality. And considering that the car was already repaired once, I think Mr M should be allowed to reject the car.

I know Alpera said that the issues were not linked so they do not think Mr M should be able to reject the car. However, I disagree because we look at the car as one item, rather than each of its components. So Alpera does not get one chance to repair each different fault, simply one chance to repair the car. If that fails, the consumer has a final right to reject.

As such, Alpera should end the hire purchase agreement. They should collect the car from wherever it is located without charging for the collection.

Mr M has been able to use the car, so I think it is reasonable he pays for this use. As such, Alpera can keep all monthly repayments that were due between May 2024 and 21 July 2024 when the car broke down. They can also keep payments due from 17 September 2024 up until the second breakdown of the car which happened in mid-December 2024. All other monthly repayments should be refunded.

Mr M needed to hire a car while the first repair was taking place because the dealer only offered to provide a courtesy car for one day.

I am already directing Alpera to refund the monthly payments from 21 July 2024 to 17 September 2024, but I think they also need to refund some of the car hire costs Mr M incurred. These costs came to a total of £747.44 so the average amount he paid each month was around £373.72. When compared to his monthly repayments Mr M spent more each month to hire a car than the monthly repayments under the agreement. And I can see that he has mitigated his circumstances by driving cars that were not like for like. As such, it is only fair and reasonable that Alpera refund the additional costs he incurred over and above the monthly repayments.

Alpera should also refund the £3,000 advance payment Mr M made.

Mr M also incurred other financial losses as a result of being supplied with a car that was of unsatisfactory quality. So it is fair that Alpera:

- Refund £804 Mr M paid to get the car uplifted to his property and for all labour carried out at that point;
- Upon proof of payment, refund the road tax payments and insurance Mr M paid, for this car, from the date he acquired a new temporary car after the second breakdown. I think it is only fair and reasonable Alpera refund these, because Mr M did mitigate

his circumstances and he needed to keep mobile which forced him to pay insurance plus road tax on two cars at the same time;

- *Upon proof of payment, refund the amount Mr M paid to have the car transported when he moved to a new home. I think he would not have incurred this expense had Alpera supplied him with a car that was of satisfactory quality.*

Alpera 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 per year.

Any adverse information should be removed from Mr M's credit file, and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

I know that Mr M has mentioned this situation had an impact on him and had caused him a lot of distress and inconvenience while trying to resolve it. Mr M has explained, in great detail, how this has impacted his life and health. Also, he had to take the car to the garages and spend a significant amount of time trying to resolve this issue. I think Mr M would not have experienced all of this, had Alpera supplied him with a car that was of a satisfactory quality. I know Alpera have offered to pay Mr M £150, but I think they should pay him a total of £350 in compensation to reflect the impact this situation had on him.

My provisional decision

For the reasons given above I intend direct BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services to:

- 1. End the hire purchase agreement;*
- 2. Collect the car from wherever it is located without charging for the collection;*
- 3. Keep all monthly repayments that were due between May 2024 and 21 July 2024 when the car broke down and the payments due from 17 September 2024 up until the second breakdown of the car which happened mid-December 2024. All other monthly repayments should be refunded;*
- 4. Upon proof of payment, refund some of the car hire costs Mr M incurred. These costs came to a total of around £747.44, so the average amount he paid each month was around £373.72. Comparing this with Mr M's monthly car repayments, he spent more each month to hire a car than what he owed under the agreement. As such, it is only fair and reasonable that Alpera refund the additional costs he incurred over and above the monthly repayments.*
- 5. Refund the advance payment of £3,000;*
- 6. Upon proof of payment, refund £804 Mr M paid to get the car uplifted to his property and for all labour carried out at that point;*
- 7. Upon proof of payment, refund the road tax payments and insurance Mr M paid from the date he acquired a new temporary car after the second breakdown;*
- 8. Upon proof of payment, refund the amount Mr M paid to have the car transported when he moved to a new home;*
- 9. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
- 10. Pay Mr M a total of £350 compensation for distress and inconvenience caused. If Alpera have already paid Mr M £150 which they have initially offered, they should pay him the difference of £200;*
- 11. Remove any adverse information recorded on Mr M's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.*

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 Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

I asked both parties to provide me with any additional comments or information they would like me to consider by 19 November 2025.

Alphera did not respond directly to my provisional decision, but the supplying dealership provided additional comments. Mr M also queried certain aspects of my provisional decision. Therefore, I have considered all additional information that has been provided.

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.

Following my provisional decision, the supplying dealership stated that, as Alphera never provided our service with a copy of the full engineer's report, which indicated that the car was displaying symptoms of turbocharger wear that would not be unexpected at the car's age and mileage, it appears that I have discounted that report due to lack of clarity on whether the engineer was aware of the previous timing chain failure, oil loss, and associated contamination. The supplying dealership said this ambiguity has led me to infer causation between the earlier failure and the turbo issue — an assumption they felt may be materially incorrect if not properly challenged with full technical data. The supplying dealership felt it was imperative that Alphera submit to them, and to our service, a copy of the complete report, along with further information to clarify other aspects. They also said they would look to locate any further correspondence that might support the view that this was a separate and unrelated issue to the first breakdown.

No further information was provided by Alphera and/or the supplying dealership, and both were aware that the provisional decision deadline to provide further information was 19 November 2025. However, I have still considered what the supplying dealership said.

I understand the supplying dealership strongly feels there is no causation between the earlier failure and the turbo issue. However, I still believe previous failures, subsequently repaired, most likely contributed to the problems with the turbocharger for the same reasons I stated in my provisional decision (which I will not repeat here). Even if there was no linkage between the earlier failure and the turbo issue, as I said in my provisional decision, I still think it is most likely that a reasonable person would not expect a turbo to fail at the point it did, given the life expectancy of that part. The turbo failed when the car had travelled around 66,096 miles. Based on the expected lifespan of that part in this make and model of car, I think it most likely should not have failed when it did. Therefore, I still believe the car was not reasonably durable. I still think, most likely, the issues with the turbo would render the car of unsatisfactory quality, and considering that the car was already repaired once, I still believe Mr M should be allowed to reject the car.

Following my provisional decision, Mr M said he believes he should receive a refund for the road tax and insurance payments from the point he was unable to drive the car, rather than from the point when he acquired a new temporary car after the second breakdown. However, I still think he should receive a refund for the road tax and insurance payments from the date he acquired a new temporary car after the second breakdown. This is because it was not fair that he was paying insurance plus road tax on two cars at the same time. A complete refund would also not be fair and reasonable, as he was still required to have

these in place and continued to benefit from insurance protection against fire, theft, and other risks during that period.

Having reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint, I see no reason to reach a different conclusion from the one I reached in my provisional decision.

My final decision

For the reasons given above, and in my provisional decision, I direct BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services to:

1. End the hire purchase agreement;
2. Collect the car from wherever it is located without charging for the collection;
3. Keep all monthly repayments that were due between May 2024 and 21 July 2024 when the car broke down and the payments due from 17 September 2024 up until the second breakdown of the car which happened mid-December 2024. All other monthly repayments should be refunded;
4. Upon proof of payment, refund some of the car hire costs Mr M incurred. These costs came to a total of around £747.44, so the average amount he paid each month was around £373.72. Comparing this with Mr M's monthly car repayments, he spent more each month to hire a car than what he owed under the agreement. As such, it is only fair and reasonable that Alphera refund the additional costs he incurred over and above the monthly repayments.
5. Refund the advance payment of £3,000;
6. Upon proof of payment, refund £804 Mr M paid to get the car uplifted to his property and for all labour carried out at that point;
7. Upon proof of payment, refund the road tax payments and insurance Mr M paid from the date he acquired a new temporary car after the second breakdown;
8. Upon proof of payment, refund the amount Mr M paid to have the car transported when he moved to a new home;
9. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
10. Pay Mr M a total of £350 compensation for distress and inconvenience caused. If Alphera have already paid Mr M £150 which they have initially offered, they should pay him the difference of £200;
11. Remove any adverse information recorded on Mr M's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

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 Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 January 2026.

Mike Kozbial
Ombudsman