

The complaint

Mrs I 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 Mrs I under a hire purchase agreement with BMW Financial Services that she signed in April 2023. The price of the car was £79,999.91, Mrs I made an advance payment of £500 and agreed to make 47 monthly payments of £1,184.84 to BMW Financial Services. There was also an optional final payment of £37,404.90.

Mrs I complained to BMW Financial Services about issues with the car in March 2025, but it didn't uphold her complaint. It said that it hadn't received an independent inspection report confirming any failed repairs, so was unable to continue with its investigation. Mrs I paid for the car to be inspected by an independent expert in May 2025 and she provided the inspection report to BMW Financial Services. BMW Financial Services said that the inspection report confirmed that the issues wouldn't have been present or developing at the point of sale which removed the retailer's liability for them and that it wasn't upholding her complaint. Mrs I wasn't satisfied with its response so referred her complaint to this service. BMW Financial Services says that the hire purchase agreement was terminated in September 2025 due to arrears of £7,109.04.

Mrs I's 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 thought that the car wasn't of satisfactory quality when supplied and that BMW Financial Services had an opportunity to fix the faults with it, but its attempt to do so hadn't been successful. He said that he wouldn't expect such faults on a car that was less than two years old and had completed less than 16,000 miles. He said that Mrs I had the right to reject the car and recommended that BMW Financial Services should: end the finance agreement and take the car back; refund Mrs I's deposit of £500 and her additional expenses (independent report £276 and £255 hire charges), all with interest; pay £300 for any distress or inconvenience that's been caused; invoice Mrs I for six payments of £1,184.84 for usage of the car; and remove any adverse information from Mrs I's credit file in relation to the agreement (on the basis that she clears any outstanding balance due in a reasonable time).

Since then, he's said that Mrs I has confirmed that she still has the car and has continued to use it, so it's fair that she should pay the monthly payments that have been missed since April 2025 and she should be responsible for all payments up to the date when the car is collected from her.

BMW Financial Services says that it doesn't accept the investigator's recommendation and has asked that an ombudsman reviews the complaint. It says, in summary and amongst other things, that: further evidence would need to be supplied to support a rejection because the agreement was two years old and the car had travelled in excess of 15,000 miles; Mrs I accepted a courtesy car and allowed for repairs to be completed, so accepted the repairs and lost the right to reject the car; the inspection report doesn't evidence a current fault but

advises that a software upgrade may be required; Mrs I has utilised the manufacturer's warranty to repair the car; and the agreement has been terminated.

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 Mrs I. 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 Mrs I was a new car with a price of £79,999.91 and I consider that it was reasonable for her to expect that it would be free from even minor defects. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

BMW Financial Services has provided job cards for work on the car, including repairs due to a drivetrain warning light and the car cutting out in December 2024 and repairs to drivetrain and high voltage issues in February 2025. Mrs I paid £276 for the car to be inspected by an independent expert in May 2025 and the inspection report records the car's mileage as 16,056 miles. It lists 44 fault codes that: *"... were both present and intermittent and were appertaining to body control and electrical issues, consistent with software upgrade requirements. We would recommend further investigation to confirm"*.

Mrs I asked to reject the car in March 2025 when the issues with the drive train and high voltage were being repaired by a manufacturer's dealer. The investigator says that Mrs I should have been allowed to reject the car at that point, but BMW Financial Services says that she accepted the repairs and lost the right to reject the car. Drive train issues with the car had been repaired in December 2024, but the repair wasn't successful as further repairs were required in February 2025.

I agree with the investigator that Mrs I's request to reject the car should have been accepted at that time, but even if I'm wrong about that, the inspection report identified 44 fault codes with the car and said that further investigation was required to confirm that the car required a software upgrade, so I consider that the car hasn't been properly repaired. I consider that it would be fair and reasonable in these circumstances for Mrs I to be able to reject the car. I find that BMW Financial Services should take the actions described below to put things right.

Putting things right

BMW Financial Services says that the hire purchase agreement was terminated in September 2025 due to arrears of £7,109.04. I find that it would be fair and reasonable for BMW Financial Services to arrange for the car to be collected from Mrs I and, if the hire purchase agreement hasn't been terminated, to end that agreement, both at no further cost to her (other than as described below). The hire purchase agreement shows that Mrs I made an advance payment of £500 for the car to be supplied to her. I find that it would also be fair and reasonable for BMW Financial Services to refund to Mrs I the advance payment that she made, with interest.

Mrs I paid £276 for the car to be inspected in May 2025 and she paid £255 in April 2025 for the hire of an excess reducer charge for 59 days. I find that it would be fair and reasonable for BMW Financial Services to reimburse her for those costs, with interest. These events will have caused distress and inconvenience for Mrs I. I find that it would also be fair and reasonable for BMW Financial Services to pay £300 to Mrs I to compensate her for that

distress and inconvenience.

Mrs I continued to use the car after it was returned to her following repairs in April 2025, but she hasn't paid for that use of the car. The investigator recommended that Mrs I should be invoiced for six monthly payments under the hire purchase agreement for her use of the car, but since then he's said that she should be responsible for all payments up to the date when the car is collected from her. I find that BMW Financial Services should charge Mrs I for the use that she's had from the car since April 2025, when the car was returned to her after it had been repaired, at a monthly rate of £1,184.84. Once Mrs I has paid the amount charged to BMW Financial Services, I find that it should ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mrs I's credit file.

My final decision

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

1. End the hire purchase agreement (if it hasn't already done so) and arrange for the car to be collected from Mrs I, both at no cost to her.
2. Refund to Mrs I the advance payment that she made for the car.
3. Pay £276 and £255 to reimburse Mrs I for the additional costs that she's incurred.
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. Charge Mrs I for the use that she's had from the car since April 2025 (as described above) and, when she's paid the amount charged, to ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mrs I's credit file.
6. Pay £300 to Mrs I 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 Mrs I 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 Mrs I to accept or reject my decision before 31 March 2026.

Jarrold Hastings
Ombudsman