

The complaint

Ms P complains about how BMW Financial Services (GB) Limited trading as Alphera Financial Services (“Alphera”) handled her request to voluntarily terminate her hire purchase agreement for a car.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In November 2021, Alphera supplied Ms P with a used car under a hire purchase agreement. The agreement was scheduled for four years, with an optional final payment due if Ms P wanted to keep the car at the end of the agreement.

In December 2023, Ms P enquired about voluntarily terminating (VT) the agreement. She made a subsequent request through Alphera’s app in January 2024 and was sent a letter confirming the remaining balance to pay if she went ahead with the VT. Ms P had some questions about the process, including how the car would be collected, so she contacted one of Alphera’s advisers later in January 2024. During that call, Ms P has said she questioned whether she was being given the right information, so she asked for an email address she could use to obtain the information she required. She didn’t ask to go ahead with VT at this point.

In mid-February 2024 Ms P received a letter from Alphera saying her agreement was in arrears as she hadn’t paid the VT balance. This came as a surprise to Ms P, as she hadn’t proceeded with the VT, so she raised a complaint with Alphera. She didn’t cancel her direct debit for her contracted monthly payments at this time.

Alphera responded to Ms P in June 2024 and said the VT had been processed correctly following her phone call with one of their advisers, and the VT process couldn’t be reversed.

Ms P remained in communication with Alphera and continued to ask for the VT to be reversed as she still had questions about the process. She didn’t hear anything from Alphera, and she said in August 2024 she cancelled her direct debit instruction for her contracted monthly payments, when Alphera attempted to take multiple payments from her.

Ms P got in touch with Alphera again in October 2024 to enquire about how the car would be collected from her. Alphera confirmed to her that they had reversed the original VT in August 2024 and the agreement was live. They told Ms P that, because she hadn’t made any payments towards the agreement for several months the VT figure couldn’t be provided.

Ms P brought her complaint to our service. Our investigator upheld it. He said that Alphera had incorrectly processed the VT in January 2024 and should do something to put that right. He said Alphera should remove any adverse information from Ms P’s credit file that had been reported between January and August 2024, as the agreement had been terminated in error by Alphera, and any subsequent missed payments up to August 2024 weren’t the fault of Ms P. He also said Alphera should pay Ms P £200 compensation for the confusion and

upset caused during the process.

Alphera accepted but Ms P didn't. She said it was never her intention to reverse the VT to keep the car. She just wanted assurances about the process, and it was only Alphera's poor communication that had led to the problems she now had with her credit file. She said she was happy to pay any balance that was due between January and August 2024, but she didn't think it was fair for her arrears to be as high as they were, or for her credit file to be adversely affected in the way it had been.

As Ms P didn't accept, the complaint was passed to me to decide. I issued a provisional decision on 5 December 2025. It said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

I want to set out that I'm primarily required to consider what happened up to when Alphera issued their final response letter as the events preceding this relate to what they have had the chance to consider. However, things have moved on since then, so I've tried to be as pragmatic as possible when dealing with this complaint when thinking about what parts I can decide. But I need to be able to draw a line under the complaint because it will mark the end of our process. I'm issuing a provisional decision as I think it makes sense to deal with what has happened up to the point Ms P brought her complaint to our service in November 2024. If either party has any objections to that they can let me know in response to this provisional decision.

As the hire purchase agreement entered by Ms P is a regulated consumer credit agreement this service is able to consider complaints relating to it.

Alphera have accepted that the initial VT was processed incorrectly by them in January 2024, and that Ms P hadn't agreed to it at that point. For completeness, I agree with that. I'm satisfied, from what I've seen, that Ms P was only making enquiries at that point to ensure she knew what the process involved, including how and when the car might be collected. And I'm pleased that Alphera have agreed to remove any adverse information from Ms P's credit file reported by them between the VT date in January 2024 and when they reversed the VT in August 2024 – that information was reported because of Alphera's error so it's fair that Ms P isn't negatively affected by that. However, I don't think this proposed resolution goes far enough in this case, and I'm minded to say Alphera need to do more. I'll explain why.

Alphera's final response letter to Ms P in June 2024 made it very clear that the VT process couldn't be reversed. However, they did reverse it in August 2024, but I have to say I think Alphera's communication about this, and what this potentially meant for Ms P and any missed payments she had incurred, wasn't what I'd expect it to be. I haven't seen anything from Alphera to confirm that Ms P was informed the VT had been reversed in August 2024 – and their final response had made it clear to her that it couldn't be – and it was only when Ms P contacted Alphera again in October 2024 to enquire about collection of the car that she was informed the agreement was live and had been so the whole time, as the VT had been reversed.

I'm more satisfied than not that, had Ms P been informed in August 2024 that the VT had been reversed she would have made a new request to VT the agreement. I say that because, as soon as she was aware in October 2024 that the process had been reversed,

she made a payment to the account for the amount of the original VT balance she was sent in January 2024. It seems that she also stopped using the car from the time she realised the VT had been reversed in October 2024 - which I'm satisfied shows Ms P has acted in a way that suggests she no longer wanted the car and wanted to end the agreement, and I'm more satisfied than not that her use would have ended sooner had she been aware. She has made it clear from her testimony that she didn't want to keep the car.

Because of this, I'm minded to say that Alphera should report Ms P's agreement as voluntarily terminated from August 2024, the date they reversed it, on Ms P's credit file. I'm proposing to say they should also remove any adverse information, in relation to this agreement, from her credit file from the date the VT was originally processed incorrectly in January 2024.

Ms P has said that she's happy to pay any outstanding balance that became due between January and August 2024. I think that's reasonable considering she had use of the car. I'd urge her and Alphera to work together to come up with a suitable and affordable repayment plan. Should Ms P fail to meet any of the agreed repayments, Alphera may be able to report them to Ms P's credit file.

I'm also planning to ask Alphera to pay £200 compensation to Ms P. Their communication around the VT process hasn't been as clear as it should have been, and I'm satisfied this has caused Ms P unnecessary upset and worry about the status of the agreement and how she could exit out of it.'

Ms P responded and accepted the provisional decision in full.

Alphera also responded, and they didn't accept it. In summary, they said:

- Ms P applied for the VT via her app.
- Alphera have provided Ms P with exceptional service as a VT is legally binding and cannot usually be reversed.
- If the decision is for the VT to stand, then Alphera will treat as such as can apply any excess mileage or damage outside of fair wear and tear charges once they have the car back and have inspected it.
- The agreement has now ended, and Ms P's optional final payment couldn't be collected.
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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.

I've attempted to summarise above the responses that I received from Alphera as I want them to know that I've carefully considered all the points made and the evidence provided. I don't intend to address the same points again as in my provisional decision. Instead, I've tried to concisely explain why the additional comments and evidence I've received since I issued my provisional decision haven't changed my mind.

Alphera have previously accepted our investigator's opinion that Alphera incorrectly processed the VT following the phone call between Ms P and one of their advisers in January 2024 so I don't intend to go through that again here. I'm satisfied that part of the complaint isn't in doubt.

I appreciate Alphera's point that the VT is legally binding and isn't something that can easily be reversed. I'm not disputing that. But I remain persuaded that Alphera's communication

with Ms P about the reversal of the VT and the reinstatement of the agreement wasn't as it should have been. Alphera have said in their response to my provisional decision that they had no contact from Ms P from June 2024, once they'd issued their final response to her letting her know the VT couldn't be reversed – which suggests Alphera didn't communicate with Ms P when they reversed the VT and made the agreement live again, so she was unaware until she called them in October 2024 to enquire about when the car would be collected. I remain persuaded that, had Alphera told Ms P in August 2024 that they'd made the decision to reverse the VT from January 2024, she would have then gone ahead with it and processed it formally – and I've explained why I'm satisfied that would have happened in my provisional decision.

Alphera have said that, should the decision remain for the VT to be processed with effect from August 2024, they will treat it as such and will assess the car for excess mileage or any damage that falls outside of fair wear and tear, which Ms P will be liable for. I'm satisfied that Alphera can do that – the process for VT should remain in place. If Ms P is unhappy with any additional charges she's asked to pay once the car has been collected she will need to speak to Alphera about that. It's possible that she may be able to bring a new complaint to our service following those discussions.

As my decision in this case is that the agreement should be processed as VT from August 2024, the optional final payment under the agreement shouldn't be included in any arrears. Alphera should send Ms P a breakdown of her arrears accrued between January and August 2024, so she can make arrangements to pay those arrears.

My final decision

For the reasons above, I uphold this complaint. BMW Financial Services (GB) Limited trading as Alphera Financial Services must:

- Mark Ms P's agreement as voluntary terminated from August 2024.
- Collect the car (if this hasn't been done already) at no cost to Ms P.
- Send Ms P a breakdown of her arrears incurred between January and August 2024.
- Remove all adverse information from Ms P's credit file, in relation to this agreement, from January 2024.
- Pay Ms P £200 compensation for the confusion and upset she's been caused during the VT communications with Alphera.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 19 January 2026.

Kevin Parmenter
Ombudsman