DRN-6033244

Financial Ombudsman Service

The complaint

Miss M complains about the quality of a car supplied to her by BMW FINANCIAL SERVICES (GB) LIMITED trading as BMW Financial Services ("BMWFS").

What happened

Miss M entered into a hire purchase agreement with BMWFS in January 2025 for the supply of a used car. The car was around three years old and had covered around 20,000 miles when supplied.

She began having problems with the car in March 2025, with a thumping noise coming from the car. The supplying dealership investigated and replaced a wheel bearing in early April 2025.

Later in April 2025 Miss M said the noise was persisting, and the car was road tested with a mechanic, but they couldn't identify a noise. In May 2025 she took the car back again, and this time the mechanic did identify the noise and the supplying dealership stripped and cleaned the brakes.

But Miss M has said the noise persisted, and the car was road tested again in June 2025, and a mechanic again agreed there was a noise. The dealership took the car in for further repairs and felt the gearbox was the source of the noise, so decided to replace the flywheel, and refit the clutch and gearbox.

Miss M collected the car, but within days she reported that the noise was still present. This was early July 2025, and she raised a complaint with BMWFS asking to reject the car.

They instructed an independent inspection in August 2025, and the engineer confirmed there was a noise immediately on test driving the vehicle, as soon as the car slowed down or was braking. They felt the repairs to the flywheel had failed, and said the noise was likely a braking or gearbox issue. They said if these repairs have been attempted and failed, the customer would have the right to reject the car.

BMWFS emailed Miss M to say she should be able to reject the car, but then the supplying dealership disagreed with this and asked to inspect the car themselves. This didn't happen until October 2025, and they seem to have swapped the brake discs over. BMWFS then issued their final response letter (FRL) in late October 2025, partially upholding the complaint and offering some refunds of payments, but not a rejection.

Miss M had already brought her complaint to our service by this time, so it was investigated and an opinion given in December 2025. The investigator's view was that Miss M was entitled to reject the car and be compensated for periods where the car was impacted by the problems and be refunded all payments since July 2025 when she asked to reject it.

BMWFS didn't agree with this view however, saying that the supplying dealership had told them that the car had different noises, not one issue. The investigator pointed out that the law says that the supplier has a single chance to repair a fault, and so this wasn't relevant,

and the independent inspection was clear that the car had faults, repairs had failed, and Miss M should be entitled to reject the car.

But BMWFS didn't agree and asked for an Ombudsman to make a final decision.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Miss M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, BMWFS are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless BMWFS can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Miss M to show it was present when the car was supplied.

So, if I thought the car was faulty when Miss M took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask BMWFS to put this right.

Firstly, I'd like to apologise to Miss M for delays in getting this case finalised for her. She's had to wait several months for this case to reach the top of the queue for an Ombudsman to respond, and I'm sorry about this wait.

It's particularly frustrating in this case, because the answer is so clear, and was given entirely correctly by the Investigator, and BMWFS have made no logical argument as to why they don't agree with it. They've basically said that the supplying dealership will have to pay costs here and as they don't agree, BMWFS also won't agree. This ignores the CRA in numerous areas and will ultimately now cost more to put things right because of the unnecessary delays and has led to it taking much longer for Miss M to have to wait for things to be put right.

The CRA is clear that if a fault is reported inside the first six months, it's assumed it was present or developing unless the supplier of the car can show otherwise. BMWFS have arranged an independent inspection, which has confirmed a fault still present, that there had

likely been failed repairs, and the customer should have the right to reject the car. As such, I can see no logical reason why BMWFS haven't accepted this, and they haven't presented any logical argument.

Miss M has given the supplying dealership several chances to repair the car, more than the one attempt which is all she would be required to do under the CRA. They've tried various repairs, and either not fixed the problem, or further problems have then presented, and so she has the right to reject the car. I am entirely in agreement with this argument which was put forward by the Investigator.

When they issued their view in December 2025, the Investigator said that Miss M should be refunded all payments since July 2025, but now we are several months further down the line, I have thought about this again.

I can see that Miss M contacted us to say she's kept the car road legal, including getting it a valid MOT and a service, and the MOT carried out in January 2026 shows that the mileage was around 24,000 miles. This is only around 1500 miles more than the mileage when the independent engineer inspected the car in August 2025, so I am satisfied that any usage by Miss M has been minimal, particularly bearing in mind there were further visits to the garage after than independent engineer visit, which presumably included some road testing of the issues.

As such, I am satisfied that it would still be fair for Miss M to be refunded all of her monthly payments since 1 July 2025, which is what BMWFS offered in their FRL. Seeing as the only reason for further delays has been the refusal of BMWFS to accept a rejection when it was clear this was the fair outcome, this is the only fair outcome now.

Alongside this, Miss M has had to keep the car insured, and has paid to put it through its MOT, and she's got it serviced, none of which she should have needed to do if the rejection had been processed in a timely fashion. I'm satisfied therefore that the fairest outcome here is for these costs to in effect be considered as her "payments" for fair usage for the very limited use she has had since 1 July 2025, and for BMWFS to refund her for all monthly payments made since 1 July 2025.

Alongside this, I agree with the Investigator's view that she should also get a 10% refund of her payments' pro rata for the period from 4 March 2025 when the faults first presented, until 16 June 2025 when the car went in for repair and she had a courtesy car.

Miss M was offered £500 for the distress and inconvenience caused, and I think this is still a fair amount. I'm unclear whether this has already been paid to her, and if it has, BMWFS don't need to pay it again. Alongside all this, Miss M is entitled to the full refund of her deposit paid towards the agreement.

I empathise with Miss M for what's happened here and the problems she had getting things resolved despite being more than fair. I hope this decision will give her some closure and allow her to end the agreement and move on without the car.

Putting things right

I instruct BMWFS to carry out the following to put things right:

- End the finance agreement with no further monthly rentals for Miss M to pay.
- Collect the car at no cost to Miss M.
- Refund Miss M's deposit for the agreement in full (I believe this was £3,000).
- Refund all Miss M's monthly payments for the period from 1 July 2025 onwards and

ensure she is not liable for any further monthly rentals.
- Refund 10% of the monthly payments for the period 4 March 2025 to 16 June 2025 pro rata.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment to the date of settlement.
- Pay the £500 in compensation for the distress and inconvenience caused by the supply of a faulty car if not already paid.
- Remove any adverse information in relation to this agreement from Miss M's credit file.

My final decision

I am upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 22 May 2026.

Paul Cronin
Ombudsman