

The complaint

Mr A is unhappy that a car supplied to him under a hire purchase agreement with BMW Financial Services (GB) Limited trading as ALPHERA Financial Services (BMWFS) was of an unsatisfactory quality.

When I refer to what Mr A or BMWFS have said or done, it should also be taken to include things said or done on their behalf.

What happened

The circumstances of this case are well known to both parties, so I won't repeat everything here. To summarise, Mr A acquired a used car through a hire purchase agreement with BMWFS in July 2023. The car was first registered in September 2020, and the finance agreement confirmed it had travelled around 26,000 miles, although repair records from August 2023 confirmed the mileage as 24,563. The cash price of the car and amount of credit was £23,495. The duration of the agreement was 49 months; with 48 monthly payments of around £425 and an optional final payment to purchase the car of around £12,152.

Since supply, Mr A has reported several faults with the car that started within days of the agreement, including the engine management light (EML) illuminating, knocking noise, several fault warning messages on the dashboard, electrical malfunctions such as wing-mirror not folding in, car cutting out when idling and not restarting and heavy power steering.

BMWFS partially upheld the complaint. They said repairs had been carried out and there was no current fault outstanding. And Mr A had been in possession of the car for over 18 months and covered over 22,000 miles, suggesting the car was of satisfactory quality. So, they didn't agree to rejection but offered to pay Mr A £250 for the distress and inconvenience caused by the issues he'd experienced with the car, and £125 for the delay in responding to his complaint.

Our Investigator reviewed matters and didn't think BMWFS needed to do anymore to put things right. They said there wasn't enough evidence to confirm the car was of unsatisfactory quality when it was supplied to Mr A.

Mr A didn't agree. In summary, he said the car has had multiple faults and the evidence he's provided supports previous repairs have failed.

As no agreement was reached, the matter was passed to me to decide. I issued a provisional decision, setting out my intention to uphold the complaint. I said:

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. 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 taken into account 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.

Mr A was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr A 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. In this case those relevant circumstances include, but are not limited to, the age, mileage and cash price of the car at the point of supply. The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr A's case the car was used, with a cash price of £23,495. It had covered around 24,000 miles and was nearly three years old when he acquired it. I think a reasonable person would expect a car of this age and mileage to have notably more wear and tear that would require repair or maintenance sooner than a newer one would. But I wouldn't expect the car to be supplied with any significant fault, and I would expect it to be sufficiently safe and durable.

Under the CRA, it's assumed that any faults reported within the first six months of the agreement were present or developing at the point of supply – unless there's evidence to suggest otherwise. Mr A says there were multiple faults and warning lights on the dash within days of supply. He said he took the car back to the dealership at this time, but they couldn't find the problem so they cleared the faults. I haven't seen any evidence of this, but I have seen the car was returned to the dealership in August 2023, around two weeks after it was supplied. Mr A reported an intermittent EML and knocking noise at the front of the car. Battery support corrosion was noted and repairs were carried out including a replacement ball joint, ARB drop links and track rod. The notes also confirm the traction battery needed charging and an update.

In November 2023, Mr A reported further issues including the gears dropping, an intermittent fault with the passenger side mirror not folding in and the car cutting out when idling and not restarting. The dealership were unable to identify a fault, but they charged the battery.

In April 2024, Mr A reported multiple fault warnings appearing on his dashboard relating to battery charge, electric traction system, engine, ABS, power steering, ESP/ASR. He said the power steering was heavy, the car wouldn't move and wouldn't start for some time after turning it off. Mr A has provided photos that show the warning messages, so I'm persuaded they appeared. The car was returned to the dealership again who say no faults were found. However, I note several diagnostic fault codes were present, including one relating to the battery charge. It's also noted that the battery was recharged again at this time.

BMWFS have said the battery wasn't replaced in April 2024. However, within their final response letter they said: "we have had confirmation the Battery was replaced and agreed at the time." The service and repair history also refers to "Battery" on 15 April 2024.

What is clear is the onboard charger (OBC) was replaced in August 2024. Electric use of a plug-in hybrid vehicle is dependent on a working charging system and should last

significantly longer than four years. So, I don't think a reasonable person would expect this to need replacing so soon after supply. The Investigator has referred to this happening following a Technical Service Bulletin (TSB), which details specific issues identified with a particular vehicle model, but doesn't by itself evidence there was actually a fault with Mr A's car. However, I note the OBC was replaced following warning messages relating to an electric traction and battery charge fault. So, I'm persuaded it's more likely than not there was a defect of some sort relating to the car's charging system - and a TSB indicates this to be a known manufacturing issue.

I'm therefore satisfied the OBC, and therefore the car, wasn't sufficiently durable when it was supplied to Mr A. I'm also persuaded that, on balance, the electrical issues Mr A experienced in the car, which started within the first six months, were more likely than not linked to the battery not charging as it should. There is a pattern of battery related issues starting shortly after supply and from Mr A's testimony, charging the car at his home didn't make any difference. I find it likely the dealership has access to faster charger rather than a typical one that comes with the car, and manually charging the car with this in November 2023 and April 2024 likely masked its ability to charge at Mr A's home.

Mr A said he stopped using the car in January 2025 due to ongoing faults. Around this time, he had it inspected by a third-party garage who confirmed the presence of multiple warning lights and fault codes. A second third-party garage inspected the car in August 2025 and confirmed the 12-volt battery wasn't holding charge and the main hybrid batteries weren't charging.

Based on the above, it seems more likely than not the OBC repair carried out in August 2024 failed, given the car was still experiencing charging issues only a year later. And had the 12-volt battery been replaced in April 2024, I'd expect it to still be able to hold a charge at just over one year old.

Overall, having considered all the available evidence, I'm satisfied the car wasn't sufficiently durable when it was supplied to Mr A due to a defective OBC. The evidence confirms that the car remains faulty following repair. And given current faults also relate to the charging of the battery, with the same symptoms reported by Mr A from early on into the agreement, I'm persuaded that, on balance, it's more likely than not these relate to the same fault that was present or developing at point of supply – meaning the repairs failed to bring the car back to a satisfactory quality.

Putting things right

Having determined the car wasn't of satisfactory quality when it was supplied to Mr A, and remained of unsatisfactory quality following repair, I've next considered what BMWFS should do to put things right.

The CRA provides a short term right to reject the car within the first 30 days if it was of unsatisfactory quality. However, Mr A would've needed to ask for rejection within that time. While he says he reported issues with the car within this time, I haven't seen that he expressed a wish to exercise his right to short term rejection within the first 30 days. It's clear he agreed to repairs at this time, and he wouldn't be able to retrospectively exercise this right after the 30 days had passed.

Outside of the first 30 days of the agreement, the CRA says a consumer has a right to reject if the goods do not conform to contract after one repair or replacement. The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection. It also says where a consumer requires the trader to repair or replace the goods, this must be done within a reasonable time and without significant inconvenience.

Here, the dealership had several opportunities to repair the car from August 2023. With this in mind, I find Mr A has fair grounds to seek rejection of the goods. The car has undergone repairs and after several opportunities to diagnose the underlying problem, the car wasn't brought back to conformity within a reasonable amount of time.

So, BMWFS should now end the agreement and arrange collection of the car at no cost to Mr A. When cancelling the agreement, BMWFS should ensure no adverse information is recorded on Mr A's credit file. The credit agreement should be marked as settled in full, or something similar, and should not show as voluntary termination.

Mr A has had use of the car while it's been in his possession. And while it was at the dealership for repair, he was also provided with a courtesy car to keep him mobile. Because of this, I think it's only fair that he pays for the use he's had. However, Mr A has told this service he hasn't used the car since January 2025, after he asked to reject it. He explained he had to purchase another car to use as he was having to rely on a family member for travel. I'm satisfied it was reasonable for Mr A to stop using the car, given the confirmed faults with it at this time. And Mr A has been unable to confirm the current mileage as he's been unable to start the car, so I'm persuaded it's more likely than not he hasn't been using it. As I find Mr A had grounds to exercise his final right to rejection at this time, I think it's fair that BMWFS refund any payments he's made from January 2025 onwards.

As Mr A has remained in possession of the car, he's had to continue to pay to insure and tax a car he's been unable to use, in addition to the other car he bought. I consider this to be an additional cost Mr A wouldn't have incurred had he been supplied with a car that was of satisfactory quality. So BMWFS should refund the amount Mr A has paid for insurance and tax on this car since January 2025, and any cancellation fee Mr A may incur, on receipt of evidence this has been paid by him.

Mr A also had the car inspected by third-party garages twice to evidence the existing faults with the car. The first inspection appears to have been free of charge, but the second invoice confirms the cost as £213.60. BMWFS should refund any amounts Mr A paid to have the car inspected on receipt of proof of payment.

Interest should be added on all refunded amounts, calculated at 8% simple per year from the date of payment until the date of settlement.

Lastly, I've considered that Mr A was inconvenienced by the issues he experienced with the car and having to take it to the dealership for diagnostics and repairs several times. Having carefully considered the offer made by BMWFS within their final response, and the overall circumstances of this complaint, I'm satisfied the total of £375 compensation is reasonable - and within our award ranges for situations such as this.

Mr A accepted my provisional decision. However, he explained he'd been left without a car since the Investigator issued their view, so he had no choice but to try and get the car repaired. He provided an invoice showing the costs he'd incurred for the repairs carried out and asked if these could be refunded to him also.

BMWFS didn't respond.

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.

As there are no further submissions for me to consider in relation to the quality of the goods, I see no reason to alter the conclusions reached in my provisional decision. That is, Mr A was supplied with a car that was of unsatisfactory quality due to the onboard charger fault, and BMWFS should now put things right as set out within my provisional decision.

In addition, I've also considered the subsequent repair costs incurred by Mr A. The repairing garage has confirmed repairs began but have since stopped following receipt of my provisional decision. They said the car remains undriveable due to ongoing faults with the electric batteries.

When Mr A authorised repairs, he had been unable to use the car for a significant period of time and was no longer in possession of an alternative. His complaint hadn't been upheld by BMWFS or our Investigator, so I can understand why he felt he had no choice but to try and get the car back on the road. I don't consider it unreasonable that Mr A arranged repairs in these circumstances.

Having reviewed the repair invoice, I'm not persuaded it would be fair to ask BMWFS to cover the full cost incurred by Mr A for repairs. Most of the repairs seem to relate to general maintenance of wear and tear items, which were more likely than not attributed to the use of the car over the duration of the agreement - rather than a result of the car being of unsatisfactory quality when it was supplied.

However, within my provisional decision, I set out why I thought the car was of unsatisfactory quality due to the onboard charger fault. Mr A was charged £152 for an "*EFB Start Stop Plus Battery*", which, on balance, I think is more likely than not a consequential loss of him being supplied with a car that was of unsatisfactory quality due to the battery related issues.

I wrote to both Mr A and BMWFS setting out my intention to say this cost should also be refunded, in addition to what I set out in my provisional decision. Mr A accepted this, and BMWFS didn't respond. As I've not received any new information or submissions in relation to the cost Mr A incurred for the replacement battery, I remain of the view that this should be refunded for the reasons I've set out above.

My final decision

For the reasons explained, I uphold Mr A's complaint about BMW Financial Services (GB) Limited trading as ALPHERA Financial Services and direct them to:

- End the agreement with nothing further for Mr A to pay;
- Arrange collection of the car at no cost to Mr A;
- Remove any adverse information from Mr A's credit file;
- Refund the monthly payments paid by Mr A since January 2025;
- Refund £152 for the replacement battery;
- Refund any amounts paid by Mr A to have the car inspected, on receipt of proof of payment.
- Refund any additional tax and insurance costs paid by Mr A, on receipt of proof of payment.
- Pay 8% simple yearly interest on the refunded amounts from the date of payment until the date of settlement†; and
- Pay Mr A £375 compensation for the distress and inconvenience caused – if this hasn't already been paid.

†If BMWFS considers that tax should be deducted from the interest element of my award, they should provide Mr A 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 A to accept or reject my decision before 19 January 2026.

Nicola Bastin
Ombudsman