

The complaint

Mr M has complained that a car supplied to him on finance from BMW FINANCIAL SERVICES (GB) LIMITED trading as Alphera Financial Services wasn't of satisfactory quality.

What happened

In September 2024, Mr M entered into a finance agreement with Alphera for a used car. At this point, it was around seven years old, and had just over 57,000 miles on the clock.

Unfortunately, Mr M has explained the car had a sensor malfunction within the first week. The dealership directed him to the warranty provider, and although it paid something towards the repairs, Mr M was left with the £408.78 shortfall to pay himself.

The car then broke down on 19 February 2025, and a specialist told him it may be engine failure. The dealership again referred him to the warranty provider, which told him he'd need a more detailed inspection and estimate for repairs - but it would only cover up to £2,000 in repair costs. As the total estimated costs were around £10,000, Mr M would be expected to cover the remaining around £8,000 himself.

The matter then went backwards and forwards, with Mr M dealing with the warranty provider, the dealership, credit broker and Alphera. Ultimately, the dealership requested an independent inspection, but by this point, on 9 May 2025, Mr M requested a rejection of the car.

This didn't happen, and an independent inspection ended up being carried out. This confirmed the engine failure, and said that although the fault wouldn't have been present at the point of supply, the supplying dealership should carry out further inspections as there was a concern about durability. The dealership said it would pay £5,700 towards repairs, and said Mr M would need to pay the remaining £3,300. Mr M disagreed, and said he didn't authorise any repairs and had now rejected the car. It was eventually agreed that the remaining £3,300 would be paid by the broker and Alphera.

Unhappy with the situation, Mr M complained to Alphera. It responded to acknowledge the engine failure, and agreed the car wasn't sufficiently durable. It said the car would be repaired at no cost to Mr M, but it needed an opportunity to attempt repairs before rejection could be considered. It also said Mr M had cancelled his direct debit and missed the June 2025 payment – but it would write this off as he hadn't had use of the car. But, payments needed to be reinstated.

It appears that the car was repaired in early July 2025, but Mr M said he didn't authorise repairs, had rejected the car, and didn't collect it.

One of our investigators looked into what had happened. He was satisfied that the first issue Mr M experienced, within a few days of supply, was a sensor fault. The warranty provider accepted this, but Mr M was left to cover the shortfall, so our investigator said Alphera should reimburse him for this. And he thought it likely that Mr M had been told to contact his

warranty provider, given this was advice that he was later given again, so had been reasonable in doing so.

Our investigator then looked at the engine failure. This isn't in dispute, and Alpera accepted Mr M shouldn't have to pay for it.

Our investigator thought that what was particularly significant, was that after reporting the breakdown, Mr M didn't receive a clear or consistent route to getting the issue resolved. He was passed between the dealer, the broker and the warranty provider, each of whom appeared to take a different view about who was responsible. And although he also made Alpera aware on 23 February 2025, he was again directed back to the dealer.

Our investigator explained that ultimately, the finance provider is the responsible business once a post-supply fault is reported. He said, while the dealer may act as the first point of contact, the responsibility for ensuring the matter is handled fairly and in line with the Consumer Rights Act 2015 (the 'CRA') sits with the finance provider. He went on to say that, from the information available, after redirecting Mr M back to the dealer on 23 February 2025, Alpera didn't appear to take an active role in progressing matters. Even when included in later correspondence between the broker and Mr M, there's no indication it stepped in to oversee the inspection, clarify liability, or make sure the repair was moving forward. As a result, Mr M was effectively left trying to navigate between several parties without clear guidance or ownership from the business ultimately responsible for resolving the issue.

He noted, that by 9 May 2025 – almost three months after the initial breakdown - there still wasn't a resolution in place. During that time, no repair had been completed or credibly started. Liability remained unsettled. And despite being aware of the situation, Alpera hadn't stepped in to coordinate the process, provide clarity, or ensure the repair was being handled within a reasonable timeframe. Because of everything that had happened, the time that had passed and without a clear way forward, Mr M asked to reject the car.

Our investigator agreed Mr M should be able to reject the car. The CRA requires repairs to be carried out within a reasonable timeframe and without causing the consumer significant inconvenience. And considering all the circumstances, he didn't think it was unreasonable for Mr M to be entitled to exercise his right to reject the car at that stage.

Further, although repairs were late completed (and not agreed to by Mr M) – after the contributions from various parties had been thrashed out some six weeks after Mr M requested rejection – our investigator thought it was too late, and recommended rejection of the car, as of 9 May 2025.

Alpera responded to say that Mr M had contacted it in the February with a query, and it was treated as such. And it had no control over discussions with the dealership, but when Mr M said he intended to reject the car, it investigated and provided a solution for repair.

The complaint's now been passed to me.

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 agree with the findings of our investigator. It's not in dispute that the car suffered engine failure, which should have been repaired within a reasonable time. It was not. And Alpera is not persuasive in suggesting it stepped in to help at the appropriate time.

Rather, as set out by our investigator, it was Mr M who appears to have been caught in the middle. Alphera was involved – or should have been – since the February. By May, it's a nonsense that liability and repairs had not been sorted out. Any subsequent repairs were too late. Alphera had been aware of the situation, but Mr M seems to have been in the role of a go-between, between the dealership, the broker and Alphera. It's clear that rejection is appropriate in these circumstances. Further, it's fully reasonable that Mr M stopped paying for a car that he had rightfully rejected.

It's also clear that the sensor failure within the first week should have been Alphera's ultimate responsibility, not Mr M's. This should not happen after only one week. Although it may wish to discuss its own reimbursement from the dealership or broker, this isn't something that should be a concern for Mr M.

As regards compensation for the distress and inconvenience caused, I think the proposed £250 should be increased to £350. This type of compensation isn't an exact science, but I think it more fairly reflects the upset and significant inconvenience caused.

I will add, that Mr M should be refunded for any admin fee incurred for cancelling his motor insurance policy for the financed car, or transferring it to another vehicle – upon him providing proof of incurring this cost. This is because he'd not incur this cost had the car been of satisfactory quality, so it is a foreseeable consequential loss.

Putting things right

To put things right, Alphera should:

- end the finance agreement with no further monthly repayments due;
- take the car back at no cost to Mr M;
- refund his deposit in full, adding 8% simple interest a year, from the date of payment to the date of settlement;
- ensure Mr M is refunded for any monthly repayments covering the period from 19 February 2025 to date, adding 8% simple interest a year from the date of each repayment to the date of settlement. Any missed repayments from 19 February 2025 must be waived;
- refund in full Mr M's payment towards the sensor repair, adding 8% simple interest a year from the date it was paid by Mr M to the date of settlement;
- pay Mr M £350 compensation for the distress and inconvenience caused; and
- remove any adverse information relating to the finance agreement from Mr M's credit file.

My final decision

For the reasons given above, it's my final decision to uphold this complaint. I require BMW FINANCIAL SERVICES (GB) LIMITED trading as Alphera Financial Services to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 May 2026.

Elsbeth Wood
Ombudsman