

The complaint

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

What happened

In July 2024, Mr E was supplied with a new car through a hire purchase agreement with BMWFS. He paid an advance payment of £3,200 and the agreement was for £27,795 over 48 months; with 47 monthly payments of £345.93 and a final payment of £14,823.13.

Mr E says that, from shortly after taking possession of the car, he was experiencing intermittent issues connecting his phone, which was stopping him using the navigation feature on the car. After contacting the dealership and manufacturer for support and technical help, Mr E eventually complained to BMWFS. However, they didn't uphold the complaint, so he brought it to the Financial Ombudsman Service for investigation.

Our investigator was satisfied there was an intermittent fault with the car, but said this had since been fixed in January 2026, when the head unit was replaced. So, they thought BMWFS should pay Mr E £300 compensation for the distress and loss of enjoyment caused by the intermittent fault with the car.

Mr E didn't agree with the investigator's opinion. He said the replacement head unit hadn't provided "*a guaranteed or effective resolution*" and that he was still having connectivity issues. So, he didn't think it was fair to treat the repair as successful. He also didn't think the £300 "*adequately reflects the distress, inconvenience, and prolonged impairment of use I have experienced.*" So, he asked for the matter to be passed to an ombudsman to decide.

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. Mr E 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.

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. So, if I thought the car was faulty when Mr E took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask BMWFS to put this right.

In this instance, it's not disputed that Mr E was having intermittent connectivity issues, nor that the head unit was replaced on 12 January 2026. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think BMWFS should do to put things right

Putting things right

Section 24(5) of the CRA allows for a single chance of repair, and I'm satisfied that the head unit replacement in January 2026 is that single chance. As such, Mr E is only able to reject the car if the single chance at repair has failed, or if there is another fault with the car that was present or developing when the car was supplied. I've seen no evidence of another fault with the car.

Mr E believes the single chance at repair has failed, and he's provided photos showing connectivity issues with the car. However, these photos don't rule out that there may be an issue with Mr E's phone that's the root cause of the problem – especially as, despite replacing the head unit in line with the manufacturer's technical advice, I haven't seen any evidence that either the supplying dealership or another manufacturer's dealership have been able to replicate the fault.

As such, I can see that Mr E has been asked to provide some evidence that the repair has failed, either by way of a report from an independent engineer, or a report or diagnostic from an independent garage. This would need to show there is still a connectivity problem relating to an issue with the car, and not related to external influences, for example an issue with Mr E's phone. However, despite this, Mr E hasn't provided any evidence, nor has he indicated that he intends to, or is in the process of, obtaining an independent report.

As such, and while I appreciate this will come as a disappointment to Mr E, I'm not satisfied the repair has failed. So, I won't be directing BMWFS to allow him to reject the car.

However, this doesn't mean that Mr E hasn't had any connectivity problems. And, as I've said, a repair has taken place. So, I think Mr E should be compensated for the distress and inconvenience he's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended BMWFS pay Mr E £300, to recognise the distress and inconvenience caused by the connectivity issues, when Mr E was relying on the navigation system when he was driving in unfamiliar areas. Having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing BMWFS to make.

Therefore, BMWFS should pay Mr E £300 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality. They must pay this compensation within 28 days of the date on which we tell them Mr E accepts my final decision. If they pay later than this date, they must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment.

If HM Revenue & Customs requires BMWFS to take off tax from this interest, BMWFS must also give Mr E a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr E's complaint about BMW Financial Services (GB) Limited trading as BMW Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 March 2026.

Andrew Burford
Ombudsman