

The complaint

Mr D complains that BMW Financial Services (GB) Limited trading as Alpera Financial Services (“BMW”) provided him with an unaffordable regulated hire purchase agreement.

What happened

In July 2023 BMW provided Mr D with a hire purchase agreement to finance the purchase of a car with a cash value of £22,420. Mr D paid an advanced payment of around £2,240 and received finance from BMW of around £20,180. This credit agreement had a term of 49 months with 48 equal instalments of around £365 and one final optional balloon payment of around £9,735. The agreement had a total repayable value, including the advanced payment and interest, of around £29,475.

Mr D complained to BMW in August 2025 about unaffordable lending, saying at the time he had a large amount of outstanding debt, and that had BMW completed proportionate checks it ought to have identified this and decided this agreement wouldn't be affordable for him. Mr D says this agreement has caused him financial difficulties, and that BMW made an unfair lending decision when providing him with this credit agreement.

BMW issued a final response in September 2025 in which it didn't uphold Mr D's complaint. In summary it said its checks had been proportionate and it had made a fair lending decision. Unhappy with BMW's response Mr D referred his complaint to our service.

One of our investigators reviewed the details of Mr D's complaint and didn't uphold it. While she didn't consider BMW's checks to have been proportionate; based on reviewing the information she considered better checks would likely have shown at the time, she concluded BMW had made a fair lending decision when providing this agreement.

BMW didn't respond to our investigator's view; Mr D responded and disagreed. In summary, he maintained his position that better checks would have led to BMW identifying this agreement wasn't affordable for him. He made specific reference to his income being lower than our investigator had detailed in the months leading up to this provision of this agreement; and he said the broker had amended the credit application to make it more likely to be accepted. Mr D asked for an ombudsman's review, so the complaint has been passed to me 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.

The information in this case is well known to Mr D and BMW, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr D or BMW by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've taken this approach into account in deciding Mr D's case.

Having considered everything I'm not upholding Mr D's complaint, as I consider this hire purchase agreement was provided fairly. I say this because:

- I don't consider the checks BMW completed before providing this credit agreement were reasonable and proportionate, given the terms of credit being provided and the information BMW had obtained about Mr D's financial circumstances. However, had BMW completed proportionate checks, I don't think it's likely these would have shown it was unfair to provide Mr D with this credit agreement.
- I've reviewed the bank statements Mr D has provided our service, covering the recent months leading up to this lending event. In the absence of any other contradictory information, I consider these statements allow me to obtain a reasonable understanding of what proportionate checks at the time would more likely than not have shown BMW.
- Mr D has provided multiple statements, both personal for sole and joint accounts, as well as a business account (it appears Mr D was operating as a sole trader). These statements evidence credits to the business account, an income Mr D appears to have paid himself into a sole account, and the usual monthly non-discretionary expenditure I'd expect to see, including payments towards housing, council tax, utilities, childcare, insurances and subscriptions to name a few. Payments to some of Mr D's existing credit commitments are also evident.
- The credit check BMW completed showed no adverse information like insolvency markers, CCJs, defaults or arrears. Mr D did have a relatively high level of existing debt across both revolving and non-revolving credit accounts; but I don't consider this on its own ought reasonably to have led to BMW declining to provide Mr D with credit. Rather, more detailed checks would have allowed it to obtain a thorough understanding of his financial position.
- I note that Mr D's finances are closely tied to his partner's, as both parties contribute into a joint account largely used for bills. I also note that some of the credits from both parties fluctuate throughout the months – suggesting either party are able to flex where necessary. And while Mr D appears to pay himself a salary from his business account, I note that the payments vary each month, and appear to flex to some extent to commitments on a month by month basis. Given how closely tied Mr D's finances appear to be with his partner and business, I don't consider it unreasonable that I take into account an overall view of the financial situation in this instance.
- Having done so, I consider this agreement appears sustainably affordable. While the income Mr D pays himself does fluctuate, he does receive large credits into his business account. While I've ensured I've not double counted this income, I am persuaded the evidence suggests Mr D had the means to be able to afford the repayments to this agreement. Given that this is what I consider BMW would more likely than not have identified through better checks, it follows that it would reasonably have reached the same decision to provide this lending.

So, for the reasons set out above I don't consider BMW made an unfair lending decision when providing Mr D with this credit agreement.

I've also considered whether BMW acted unfairly or unreasonably in any other way; including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

I've carefully considered Mr D's comments about the credit broker amending his credit application to position it in the best possible light. However, as I've found above that BMW's checks weren't proportionate, and I've gone on to find that it made a fair lending decision based on what better checks would more likely than not have shown, it follows that this argument falls away.

I've seen that BMW has sent multiple arrears letters across the agreement, the earliest in November 2023, and then across most of 2025. Mr D has told us that in each event he ensured he made payment within at least 28 days of the due date, to avoid adverse information being reported to his credit file. As such, Mr D is making payments to this agreement before the next payment is due, and the arrears never accrue. While I consider this ought to have caused BMW some concern, it doesn't mean the agreement was unaffordable from the start.

In any event I've seen Mr D made a voluntary termination enquiry in May 2025, and referred his complaint to BMW just a number of months later, in August 2025. I'm not aware of the most up to date position with the agreement, but if it is still active I would encourage both parties to enter into further communication to discuss possible forbearance or early settlement options.

For the reasons I've set out above I don't think BMW lent irresponsibly to Mr D, and I've not seen anything to suggest it has otherwise treated him unfairly. I therefore haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I acknowledge my decision will be disappointing to Mr D; but for the reasons set out above, I'm not directing BMW to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mr D's complaint about BMW Financial Services (GB) Limited trading as Alphera Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 April 2026.

Richard Turner
Ombudsman