

The complaint

Mr H complains about a motor finance agreement he had with BMW Financial Services (GB) Limited trading as ALPHERA Financial Services (Alphera Financial Services). Mr H is unhappy about the way Alphera Financial Services dealt with his settlement requests and he believes he has lost out significantly as a result of this.

What happened

Around January 2019 Mr H took out a hire purchase agreement with Alphera Financial Services to fund the cost of a new car. The cash price of the car was just under £40,000, and after an advanced payment of £5,000, Mr H borrowed £34,990. This was to be repaid over 48 months, assuming Mr H paid the optional final payment of £19,152.27.

During the term of the agreement Mr H was granted a payment holiday totalling 6 months. This meant that as no repayments were made during that time the monthly repayments needed to increase after the break had ended or at the end of the agreement term. In January 2023 Mr H discussed resuming payments to his agreement and he was informed in late January 2023 that his repayments would resume.

Around April 2023 Mr H made enquiries with Alphera Financial Services about the settlement figure for his agreement. Shortly after Mr H received a second settlement amount, but the figure had not reduced by as much as he expected.

Mr H complained to Alphera Financial Services and explained that he was trying to sell the car and it was not clear why the later settlement figure hadn't reduced by an amount similar to his monthly repayment. Alphera Financial Services explained the settlement quotes were similar as the second quote had been generated before the first one had expired.

Mr H then informed Alphera Financial Services that it had recorded six months' late payments on his credit file. Alphera Financial Services explained this was because when the payment plan had been set up in January 2023 no manual payment had been made and the repayments didn't therefore begin. This resulted in no payments being taken through Mr H's direct debit. Mr H explained that he did not realise the direct debit had not been taken and he now had to borrow money from a family friend.

Unable to resolve matters with Alphera Financial Services, Mr H referred his complaint to our service. One of our investigators issued their view of Mr H's complaint and in summary, found that Alphera Financial Services could have done more and could have been clearer when dealing with Mr H. In particular, Alphera Financial Services should have been clearer about the need for Mr H to make a manual payment to his agreement to ensure the repayment plan started. But the investigator didn't however consider Alphera Financial Services was responsible for the financial losses that Mr H believes are as a result of Alphera Financial Services' action. The investigator did accept that Mr H had been caused some trouble and upset and recommended Alphera Financial Services pay Mr H £400 in recognition of this.

Mr H did not accept the investigator's view and as the complaint cannot be resolved

informally, it has been referred to me to consider.

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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The circumstances are of course well known to the parties involved in this complaint and I see no benefit therefore repeating them at length in this decision. Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

It is very clear that Mr H has not received the level of service he is entitled to expect from Alphera Financial Services. In particular, when discussing the commencement of the higher repayments as a result of the payment deferral Mr H was not informed of the need to make a manual payment to ensure subsequent automated payments commenced. In the absence of being told a manual payment was required, it is not unreasonable of Mr H to assume that repayments would commence automatically through his bank and the direct debit system.

Mr H says he did not notice the monthly repayments had not restarted and this then clearly caused further issues with his agreement, the amount owed and what Alphera Financial Services recorded on Mr H's credit file. Alphera Financial Services did attempt to clarify with Mr H why the different settlement quotes were not significantly different, but it is likely this could have been clarified more easily had the issue with repayments not starting been noticed sooner.

Although I am satisfied Alphera Financial Services could have done more and provided better service to Mr H, that does not however necessarily mean that Alphera Financial Services should pay Mr H the sums he has requested to put things right. It would be reasonable for Alphera Financial Services to reimburse any foreseeable losses Mr H has suffered. But like the investigator, I am not persuaded Alphera Financial Services is responsible for the losses Mr H believes he has suffered.

I am sure it would have been embarrassing having to ask a family friend to lend the money to repay the arrears that had become due on the account. But these sums are amounts that were already due on the account and had the direct debit commenced, Mr H would have already paid these amounts. These are not therefore additional losses that Mr H has suffered as he would have needed to pay them anyway.

Mr H says he was trying to sell the car around that time and had received different offers for the car. One of which was significantly higher than others and Mr H believes he has lost out because he was unable to sell the car. While I have considered what Mr H has provided in relation to that offer, and the other offers, I am not satisfied that the higher offer was actually a sum Mr H was guaranteed to receive. This was an initial amount offered and was subject to the condition of the car. It is likely the offer would have been reduced because of some wear and tear that was I understand noted on the car later. I also note that the higher offer

was significantly different to the other offers and I consider it unlikely that offer reflected to true likely value of the car at that time. I do not therefore consider Alphaera Financial Services is responsible for Mr H not being able to sell the car at that higher offer amount.

Mr H refers to losing out on a more preferential credit card deal because of what Alphaera Financial Services had recorded on his credit file as a result of the missed payments. I understand Mr H's credit file has now been corrected and accept it is possible that this did have an impact on Mr H's ability to get a preferential credit card rate. But there are other factors that may have impacted on this and I haven't seen sufficient evidence to demonstrate it was specifically, and solely, Alphaera Financial Services' recording the missed payments on the credit file that prevented Mr H getting the preferential deal.

Putting things right

For the reasons set out above, I do not consider there are sufficient grounds to instruct Alphaera Financial Services to pay Mr H the sums he is seeking to resolve the complaint. However, I do accept that Alphaera Financial Services' actions have caused Mr H some trouble and upset. In particular Mr H had to go to lengths to contact Alphaera Financial Services multiple times to understand why the settlement amount was not as he expected, he would have understandably been worried about the impact on his credit file and he had to contact a family member for financial support. And this was I understand at a time when Mr H was suffering from a medical issue, which these issues would of course not have helped.

The investigator recommended Alphaera Financial Services pay Mr H £400 in recognition of the trouble and upset caused and having considered all that that parties have said and provided, I'm satisfied this is a reasonable sum in the circumstances of this complaint. I appreciate Mr H will likely be unhappy about this award and my decision more broadly. But it is in my view a fair and reasonable outcome in this complaint. Should Mr H wish to continue his dispute about these issues with Alphaera Financial Services he is free to do so if he does not accept this decision. This final decision is however the last stage in our process. So Mr H will need to use alternative means, such as court, if he wishes to continue with Alphaera Financial Services.

Finally, I should just add that I note Mr H has raised more recent concerns about the way Alphaera Financial Services dealt with the return of the car when the agreement ended. Those are issues separate to the matters I have considered here and do not form part of this decision. Should Mr H be unable to resolve those matters with Alphaera Financial Services they may be issues our service can consider separately to this complaint.

My final decision

My final decision is that I uphold Mr H's complaint and direct BMW Financial Services(GB) Limited trading as ALPHERA Financial Services to pay Mr H £400 to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 March 2024.

Mark Hollands
Ombudsman