

The complaint

Mrs C complains that BMW Financial Services (GB) Limited (“BMWFS”) irresponsibly granted her a loan she couldn’t afford to repay.

What happened

In April 2017, Mrs C took receipt of a car that she financed through a hire purchase agreement with BMWFS. Mrs C was required to make 48 monthly repayments of £250.14, with a final optional payment of £7852.21 if she wanted to own the car at the end of the agreement. The total repayable under the agreement was £19,858.93.

Mrs C says that BMWFS didn’t complete adequate affordability checks. She says if it had, it would have seen the agreement wasn’t affordable. BMWFS didn’t agree. It said that it carried out a thorough assessment.

Our adjudicator didn’t recommend the complaint be upheld. She thought BMWFS didn’t act unfairly or unreasonably by approving the finance agreement.

Mrs C didn’t agree. She explained that the business hadn’t reviewed her bank statements at the time of application, and she provided a breakdown of her costs from those statements which she said demonstrated the agreement wasn’t affordable for her.

The case has been passed to me for a final decision.

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.

BMWFS will be familiar with all the rules, regulations, and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

I’ve not seen evidence that BMWFS asked Mrs C about her regular expenditure during the application or that they verified her income. I think it would have been proportionate and reasonable for BMWFS to have clarified this information as without it they couldn’t know if the agreement was affordable.

I can’t be certain what Mrs C would have told BMWFS had it asked about her regular expenditure or income. I don’t think BMWFS needed to request bank statements, but in the absence of anything else, I’ve placed significant weight on the information contained in Mrs C’s statements as an indication of what would most likely have been disclosed.

I’ve reviewed bank statements prior to the application and had a look at Mrs C’s analysis of those statements. I think some of the expenditure Mrs C has highlighted could not fairly be considered to be regular committed expenditure. I think the regular committed expenditure

around the time of application was about £1,150. In calculating this figure, I've included rent, mobile phone, DVLA, gym and monthly household costs and petrol.

Mrs C's has explained her income was about £2,700 per month before tax and national insurance deductions. She's suggested those deductions would be about 25% which would leave a net income of about £2,025.

Taking these figures into account, it appears to show the agreement was affordable to Mrs C. For this reason, I'm not persuaded that BMWFS acted unfairly in approving the finance.

My final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 19 April 2022.

Phillip McMahon
Ombudsman