

The complaint

Mr A complains about the amount of interest that he's been charged by BMW Financial Services (GB) Limited for a car that was supplied to him under a hire purchase agreement.

What happened

A used car was supplied to Mr A under a hire purchase agreement with BMW Financial Services in September 2020. Mr A asked for a settlement quote in December 2021 and he paid £25,228.83 to settle the agreement in January 2022 – but the settlement quote had been calculated on the basis that the December 2021 monthly instalment was paid and Mr A had cancelled his direct debit instruction so that payment wasn't made. BMW Financial Services contacted him about the missing payment of £531.38 but he then complained to it about the payment that he was being asked to make.

It said that the settlement quote was generated inclusive of Mr K's December 2021 payment and his agreement was showing as settled but the December 2021 payment was outstanding. Mr A paid the £531.38 to BMW Financial Services but wasn't satisfied with its response so complained to this service.

Our investigator didn't recommend that his complaint should be upheld. She said that she hadn't seen any evidence to show that BMW Financial Services had calculated the settlement figure incorrectly and she was satisfied that the settlement figure was only valid if the December 2021 payment was also paid.

Mr A has asked for his complaint to be considered by an ombudsman. He says, in summary, that he thinks that he's paid too much interest.

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 outcome recommended by our investigator for these reasons:

- the hire purchase agreement shows that the price of the car was £30,490, a deposit of £420 was paid, the amount of credit that was provided to Mr A was £30,070 and interest of £7,032.88 was payable – Mr A agreed to make 48 monthly payments of £531.38 for the car to be supplied to him and there was an optional final repayment of £11,596.64;
- Mr A asked for a settlement quote in December 2021 and the quote that was provided to him said that the amount required to settle the agreement was £29,132.18, but there was an interest rebate of £3,903.35 so the amount that Mr A would have to pay was £25,228.83;
- I consider that it was clear from the settlement quote that it had been calculated on the basis that the December 2021 monthly payment of £531.38 was also made;

- Mr A paid the £25,228.83 to settle his agreement but he'd cancelled his direct debit instruction before the December 2021 was made so his account was £531.38 in arrears – Mr A has paid that amount to BMW Financial Services but says that he thinks that he's paid too much interest;
- the interest payable for the full term of the agreement was £7,032.88 but, because he settled the agreement early, there was an interest rebate of £3,903.35 so the amount of interest that Mr A paid was £3,129.53;
- although Mr A says that he thinks that he's paid too much interest, he hasn't provided a detailed explanation as to why he thinks that or any calculations to show the amount of interest that he thinks that he should have paid;
- I'm not persuaded that there's enough evidence to show that BMW Financial Services has calculated the settlement figure incorrectly or that Mr A has paid BMW Financial Services more than he should have done for the car; and
- I find that it wouldn't be fair or reasonable in these circumstances for me to require BMW Financial Services to refund to Mr A any of the money that he's paid to it, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 May 2022.

Jarrold Hastings

Ombudsman