

## The complaint

Mr B complains that BMW Financial Services (GB) Limited ("BMWFS"), trading as Mini Financial Services, haven't explained how they calculated partial early settlement figures.

## What happened

I issued my provisional decision on this complaint in September 2022. An extract from that provisional decision is set out below.

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I don't currently agree with the investigator's view and I'm expecting to uphold this complaint. Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.*

*I've looked at the hire purchase agreement. That states at the top that it is regulated by the Consumer Credit Act (1974).*

*The Consumer Credit Act covers several areas of consumer credit including the content and form of credit agreements and the procedures relating to default, termination, and early settlement. In relation to early settlement the Consumer Credit Act says that settlement figures should be calculated using the rules set out in the Consumer Credit (Early Settlement) Regulations 2004.*

*BMWFS say they used the calculations set out in those regulations in order to calculate the three partial settlement quotations they sent to Mr B between the 13 and 15 June 2021. They've explained that the minimal differences in the quotes are due to the quotations being provided on different days and they don't believe the quotes are inaccurate.*

*Mr B says that doesn't explain why the interest rebate in each quote reduces despite the overpayments he was being asked to pay increasing.*

*Mr B has explained that despite using the formula set out in the Consumer Credit (Early Settlement) Regulations 2004 he can't replicate BMWFS's partial settlement quotations. Our investigator also explained that he couldn't replicate those quotations. However, it's clear that by using the formula set out in the Act, the investigator and Mr B have both been able to calculate, and concur with, the full settlement quotation subsequently provided by BMWFS.*

*So, I can understand why Mr B would be concerned. He's used the correct formula and has been able to correctly apply it to the full early settlement of the agreement but neither he nor our investigator have been able to understand how the partial settlement quotations have been derived.*

*I don't think Mr B is therefore being unreasonable when asking for an explanation given the gaps he's identified. He's not simply disputing the calculation; he agrees with the method of calculation but can't understand how when using it the various partial settlement figures*

*have been generated.*

*Our investigator asked BMWFS to explain the calculations in more detail but when they responded in June 2022 they didn't elaborate on that calculation and instead provided the full settlement calculation. That's not in dispute.*

*So, I've not been able to establish if the partial settlement calculations they provided in June 2021 were accurate either.*

*I'm not saying that the calculations are inaccurate; they may well not be, but I'm required to consider whether BMWFS have been fair and reasonable when responding to Mr B's complaint. I don't think they have because they haven't provided a reasonable explanation for the variation in the calculations Mr B received.*

*I've thought about how to put things right for Mr B. He didn't accept any of the partial settlement quotations so I don't think it would be fair to suggest he suffered financially as a result. But I do think the failure of BMWFS to provide a better response has caused Mr B some distress and inconvenience. He would have been concerned about the variations and the absence of a more comprehensive, reasonable answer has meant he's needed to escalate his complaint to this service when I don't think that would have been necessary had BMWFS's response been more detailed. In those circumstances I think BMWFS should pay Mr B £150 to compensate him for the distress and inconvenience he's experienced.*

### **My provisional decision**

*For the reasons I've given above I'm expecting to uphold this complaint and tell BMW Financial Services (GB) Limited to pay Mr B £150 to compensate him for the distress and inconvenience he's experienced.*

### **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.

Mr B accepted my provisional decision but BMWFS didn't.

They said they had responded to every email Mr B had sent them about the lump sum calculations and that they had provided adequate explanations. And they added that there'd been no impact on Mr B as he'd opted to part exchange the car and therefore didn't use any of the quotes provided. They felt that the provisional decision seemed like a punishment for not offering an adequate explanation.

### **Putting things right**

I set out in my provisional decision why I didn't think an adequate explanation had been provided by BMWFS. They didn't respond directly to Mr B's concerns about the variations in the settlement quotes he received, and I don't think that was fair.

BMWFS say there's been no impact on Mr B, but I disagree. He would have been concerned about the variations and the absence of a more comprehensive, reasonable answer has meant he's needed to escalate his complaint to this service when I don't think that would have been necessary had BMWFS's response been more detailed. It's not my aim to punish BMWFS, nor is that something I have power to do, but I do think they should compensate Mr B for the distress and inconvenience he's been caused.

I've not been provided with sufficient additional information to change my provisional decision and that provisional decision now becomes my final decision on this complaint.

### **My final decision**

For the reasons I've given above I'm expecting to uphold this complaint and tell BMW Financial Services (GB) Limited to pay Mr B £150 to compensate him for the distress and inconvenience he's experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 31 October 2022.

Phillip McMahon  
**Ombudsman**