

## The complaint

Mrs B complains about the service she received from BMW Financial Services(GB) Limited ("BMW") when she wanted to acquire a new car using a credit agreement. She says there were delays and then BMW told her it wasn't able to provide the finance on the same terms as had been previously agreed.

## What happened

Mrs B placed an order for a new car with BMW in March 2023, with the finance provided under a personal contract purchase agreement. The car was due to be delivered in May 2023, but because of delays with international logistics, delivery was pushed back to July. Mrs B says she asked the dealership to delay delivery further to September 2023, so she could benefit from a new car registration plate – new plates being issued in March and September each year. Mrs B told us:

- In March 2023, when she first applied for credit, BMW assessed her circumstances and undertook a credit search, before agreeing to a 4-year contract with monthly repayments of nearly £1,000, and a deposit of just over £1,100;
- in August 2023, a new credit search was undertaken, the result of which was that the previously approved finance was no longer available – BMW wanted a deposit of £20,000 and would only offer a credit agreement with a maximum monthly payment of £470;
- she queried this with BMW and was advised that the change was because she was heavily indebted;
- she told BMW that she was in the process of consolidating debt – transferring all her credit card debts to a secured loan – so she'd be in a better financial position than that indicated by the latest credit search;
- it's unfair that the search was undertaken at this time; if it had been carried out when the previous search expired – end of June – her reported financial position would've been far better;
- the delay in acquiring the new car resulted in her incurring additional costs associated with her existing car – new tyres; extended warranty and breakdown cover.

Mrs B says she's unhappy with the service provided by BMW. And she says that BMW has now re-appraised her financial status and offered her a similar deal to that offered at the outset, but that this is too late as she's already acquired a new car elsewhere.

BMW rejected this complaint. It said it reviewed finance applications using the most up to date information held by the credit reference agencies. And it said when Mrs B's application was resubmitted in readiness for her preferred September delivery date, the credit reference agency search indicated her to be *"highly indebted due to large credit card balances"*. It says it reviewed things in more detail, it looked at Mrs B's bank statements to better understand her income and expenditure, so that it could offer a credit facility with affordable monthly payments. BMW says based on her credit file and the bank statements provided by Mrs B, it could only offer credit requiring a maximum monthly payment of £470.

BMW did say that as Mrs B's credit file had since improved, it would be able to provide credit terms that were similar to that originally offered. Mrs B said it should've taken into account what she'd told it about her debt consolidation activities, and had it done so, she wouldn't have had to go elsewhere to secure a new car. And she asked for compensation in respect of the delays and the fact that she incurred some additional costs because she had her old car for longer than expected.

Our investigator looked at this complaint and said she didn't think it should be upheld. She said that the *pre-credit information* explained that Mrs B's acceptance for finance along with the original credit search would only be valid for 90 days. If delivery of the vehicle and the completion of the finance agreement had not happened within this time, then a new credit search would need to take place so that BMW could assess Mrs B using the most recent credit information available to it.

Our investigator said that BMW had reviewed the relevant information in the way this Service would expect, before reaching the lending decision that it did. And she couldn't hold it responsible for the additional costs Mrs B had incurred in purchasing new tyres or extending warranty and breakdown cover because she kept her old car longer than she'd originally planned.

Mrs B disagrees, so the complaint comes to me to decide. She says there would have been no need for a further credit search had the car been delivered in May 2023. And although she agreed to that further credit search, she wonders what the consequences would've been had she declined. She also said the credit search could've been undertaken in June, when the previous one expired, instead of leaving it until August.

### **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 taken everything into consideration, I've reached the same conclusions as our investigator, and I'll explain why.

There's no dispute about the reasons for the delay in the delivery of the car. An order was placed in March 2023, with delivery expected in May. But it soon became apparent that issues in the international supply chain meant the car would not be available until July. I understand Mrs B's frustration with this, but these things happen; the car was being shipped from the other side of the world and there were issues with international shipping at the time.

The delivery of the car was pushed back further, this time by Mrs B. She said she took the opportunity to take delivery of it with a newer car registration plate. She said, "*July was closer to September...Who would choose to have a March plate in July?*". I don't think this is unreasonable, she exercised her right to decide when she wanted to take delivery of her new car.

Taking all this into account, I don't think either party did anything wrong here. Delivery was delayed for reasons that were either outside BMW's control, or at Mrs B's instruction, something she was entitled to do. It therefore follows that I won't hold BMW responsible for Mrs B's decision to purchase new tyres or extend the warranty and breakdown cover on her car.

Next, I've looked at BMW's actions in connection with the credit searches it undertook. All lenders, in this case BMW, are required to ensure they don't lend irresponsibly, so they need

to complete reasonable and proportionate checks to satisfy themselves that the borrower is able to repay any credit in a sustainable way.

In this particular case, Mrs B first enquired about a new car in March 2023 – so it was right for BMW to undertake a credit search at this time. And, as Mrs B highlighted to this Service, the *pre-credit information* explained that acceptance for finance along with the original credit search would only be valid for 90 days. After this time, if the car had not been delivered and the finance agreement hadn't completed, then a new credit search would need to take place.

This is where Mrs B and BMW disagree. Mrs B says the new credit search should've have been carried out in June, when the previous search expired. BMW says it carried out the new credit search nearer to the revised delivery date – August. I've considered this carefully but I have to tell Mrs B she's not correct.

I've already explained that financial businesses need to complete checks to satisfy themselves that borrowers can repay debt sustainably. And I've concluded that it was appropriate for BMW to use the most up to date information available to it. Delivery of the new car was scheduled for September, so it seems reasonable for BMW to use data and information available to it in August – just a few weeks before scheduled delivery – rather than data from several months earlier. It's simply unfortunate that the credit reference agency information that it was provided with coincided with Mrs B's own debt consolidation activities.

Mrs B poses the question about the consequences had she not agreed to this further credit search. I can't comment with any certainty about BMW's course of action in this particular case, but it would not surprise anyone if a business declined to provide credit to a potential customer were they to refuse a credit search in these circumstances.

I know Mrs B will be disappointed with the outcome of her complaint, but I hope she understands why I've reached the conclusions that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 18 September 2024.

Andrew Macnamara  
**Ombudsman**