

## **The complaint**

Mr R complains about the actions of BMW Financial Services (GB) Limited (BMWFS) in relation to what happened when he requested to refinance the outstanding balloon payment on his PCP agreement.

## **What happened**

Mr R entered into a PCP agreement with BMWFS which was due to end in August 2023. Prior to the end of the agreement Mr R advised BMWFS that he wished to refinance the car and keep it. He completed the refinance application, and this was signed by the regional sales manager.

Mr R didn't hear anything, so he chased up the application with BMWFS. BMWFS advised Mr R that it was sorting out the agreement.

Mr R then received a communication from BMWFS in which it said he'd missed payments. Mr R discovered that late payment markers had been placed on his credit file. He contacted BMWFS and said he'd applied for a refinance. BMWFS told Mr R that it would sort this out and remove the late payment markers.

Mr R complained to BMWFS. He was unhappy about the delay in the refinancing and about the adverse effect on his credit file.

In its final response, BMWFS said the refinance had been arranged on 2 November 2023 with the new agreement being activated on 6 November 2023. It said it had requested to remove any adverse entries from Mr R's credit file on 25 October 2023 and that this could take up to 28 days to reflect at the credit reference agencies.

Mr R remained unhappy and brought his complaint to this service. He said that at the same time as refinancing his car, he had another car on finance which required a balloon payment. Mr R said he hadn't been able to obtain finance to cover this payment because of the issue with BMWFS, and that he'd had to pay the balloon payment out of his savings. Mr R said that as a result of the adverse information on his credit file, the credit limit on his credit card had been reduced and he was refused a loan. Mr R said that BMWFS hadn't removed the markers relating to missed payments even though it said it would do so.

I issued a provisional decision in which I upheld the complaint. I said that BMWFS had accepted that Mr R wasn't responsible in any way for the delays in completing the refinance agreement and that it had also agreed to request the removal of the credit file markers, which I said was by implication an admission that these markers had been reported in error. I said that although it was clear that BMWFS had made errors here, it hadn't offered Mr R any compensation for the impact of these errors, and it was partly this that had prompted Mr R's complaint to this service.

I looked at the impact that the error had on Mr R, including the refusal of a loan which meant he had to use his savings to pay the balloon payment on his other vehicle. I took into account the phone calls that Mr R had received from BMWFS collections department and

the ongoing issues with the markers not having been removed from Mr R's credit file.

I said that BMWFS should pay compensation of £500 to Mr R, and that it should remove all of the adverse markers in relation to the agreement from Mr R's credit file.

I also said (in relation to Mr R's points about the amount for which his new agreement is being reported on his credit file) that I didn't think there was anything wrong with the way in which the loan was being reported. I said that lenders can report as loan in two ways, either with or without interest. I said I appreciated Mr R's concerns about how his creditworthiness might be seen by other lenders but said there was no evidence to suggest that Mr R had been negatively impacted.

I invited both parties to let me have any further evidence they wished to rely on or arguments they wished to raise.

### **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.

Neither party responded directly to my provisional decision. But BMWFS said it was happy to pay Mr R £500 and remove the markers and Mr R said he agreed. So I'm treating both parties as having accepted my provisional decision.

### **Putting things right**

To put things right, BMW Financial Services (GB) Limited must:

Pay £500 compensation to Mr R for distress and inconvenience

Remove all of the adverse markers in relation to the first PCP agreement from Mr R's credit file.

### **My final decision**

My final decision is that I uphold the complaint. BMW Financial Services (GB) Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 May 2024.

Emma Davy  
**Ombudsman**