

The complaint

Mr B says BMW Financial Services (GB) Limited, ('BMWFS'), didn't administer his car finance application correctly. His car finance was declined for a short period of time, before later being accepted. And this caused him some distress and inconvenience.

What happened

This complaint is about a car rental agreement that Mr B took out to obtain a car. As part of this agreement Mr B applied for finance through BMWFS to lease the car for three years. Mr B placed an order for the car in June 2023 and it was due to be delivered to him in September 2023.

However, a few days before the car was due to be delivered, BMWFS declined his credit application. Mr B provided some further information to BMWFS, and it then reconsidered the application. It then agreed to the car finance a few days later and Mr B now has the car.

Mr B complained to BMWFS saying that changing the finance status to declined for a short period caused him some distress. He says he has received no explanation, meaningful updates, or an apology, about BMWFS declining the finance just before he was due to receive the car. And he has had to unnecessarily obtain his credit reference agency data to dispute the lending decision.

BMWFS considered this complaint. As part of this it explained that when Mr B agreed to lease the car in June 2023 his loan agreement was approved (automatically) as it met its lending criteria. However, it said the acceptance was only valid for 90 days and once this time had passed it reconsidered the application. It was initially declined (again automatically) as Mr B had exceeded his arranged overdraft limit at one point. It then manually reconsidered the credit application, and the finance was then approved. It didn't think it had done anything wrong and it didn't uphold Mr B's complaint.

Mr B didn't agree and he brought his complaint to the Financial Ombudsman Service. He also said when doing this that BMWFS hadn't considered his complaint in a timely manner.

Our Investigator didn't uphold Mr B's complaint. He thought that BMWFS' lending criteria was a commercial decision for it to make and it hadn't acted incorrectly in the way it arranged the finance. And he didn't think that BMWFS had taken an unreasonable amount of time to consider the complaint. So, he didn't think that any compensation should be awarded.

Mr B didn't agree with the Investigator and there was some further correspondence. Mr B still thought it had taken too long for him to receive a complaint outcome and he wasn't told that he would be reassessed for finance every 90 days. He still feels he shouldn't have had to provide his credit reference agency information to arrange the finance.

Because Mr B didn't agree, this matter has been passed to me to make 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.

There are rules and guidance that surround credit and lending, and BMWFS did need to ensure that any lending was sustainably repayable. But it does have discretion about how it ensures this is the case. As our Investigator said, it is primarily a matter for BMWFS to decide on the criteria it uses to assess whether it will provide finance.

And our role at the Financial Ombudsman Service is to look at the situations that concern the individual circumstances of a complaint. So, I wouldn't usually consider any issues that could concern all a business' customers or any policies it has. So, I won't decide that BMWFS' lending criteria is right or wrong. I've considered Mr B's complaint with this in mind.

What happened here is that BMWFS approved Mr B for finance, I understand automatically, when he agreed to lease the car. But a few days before he was due to receive the car, as 90 days had passed since the initial contact, BMWFS reconsidered his credit application and, again automatically, declined it as he had spent more than his overdraft limit. It then looked at the application manually a short time afterwards and approved it.

So BMWFS automatically approved Mr B for car finance but then declined it when his circumstances changed between the initial approval and the lending becoming finalised. As a starting point, I don't think this is unreasonable. This is because, as I've said, BMWFS is entitled to set the criteria it uses to assess borrowing. And this may include other factors that may not be reflected in a credit score, such as income and job status and so on. I don't think BMWFS was acting incorrectly when it considered the change in Mr B's overdraft status to be important before lending.

It was unfortunate timing that Mr B's application was declined a short time before he was due to receive the car. That said I don't think it's unfair that BMWFS periodically makes checks to see if finance would still be approved if there is a delay between agreeing to lease a car and a car being available. People's circumstances do change and it should have a process to deal with this. I think it would be irresponsible if it didn't properly consider these situations.

BMWFS has a responsibility to ensure that Mr B could sustainably repay the lending and as something in his circumstances had changed (his overdraft usage). It needed to look into this further before it approved the lending. I think this was the right thing to do. So, having considered everything, I don't think that BMWFS did anything wrong when it declined Mr B's finance application for a short time.

BMWFS said that it told Mr B that it would check his credit application each 90 days if the finance was not in place. Mr B says he wasn't informed about this, and it isn't clear what information Mr B was given when he was initially approved for finance. I would think information about this would be included in the standard documentation that Mr B would have been given. But in any event, I don't think it's relevant to my decision that BMWFS didn't incorrectly administer his finance application.

From what I've seen Mr B first complained about this situation to the credit broker. I understand he thought that the credit broker would forward the complaint to BMWFS, but it's not clear if this happened. Mr B's complaint had been brought to the Financial Ombudsman Service before BMWFS had been notified about it.

As far as I can see BMWFS were first notified about this complaint in April 2024. When it provided its file to the Financial Ombudsman Service. In June 2024 it was still awaiting some

further information about the underwriting process. It provided a full response to the complaint in July 2024.

A complaint about how the finance was approved needed to be made against BMWFS and this didn't happen initially. It looks like BMWFS started to investigate Mr B's complaint as soon as it was made aware of it, and whilst it did take around three months to reach a conclusion, I don't think Mr B has lost out due to this.

Complaint handling on its own isn't within the jurisdiction of the Financial Ombudsman Service but I accept to a degree that this was all part and parcel of the issues complained about. But overall, whilst Mr B's complaint has taken longer than he wanted to consider, I don't think it would be fair to award compensation for this.

Having considered everything, I'm not upholding Mr B's complaint.

My final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 November 2024.

Andy Burlinson
Ombudsman