

The complaint

Ms B complains that BMW Financial Services (GB) Limited has reported adverse information about her payments under a hire purchase agreement that she used to pay for a car to the credit reference agencies.

What happened

A new car was supplied to Ms B under a hire purchase agreement with BMW Financial Services that she signed in June 2016. The price of the car was £33,115.16 and Ms B agreed to make 47 monthly payments of £499 and an optional final payment of £15,247.31 to BMW Financial Services.

BMW Financial Services agreed a three month reduced payment plan with Ms B in April 2020 under which she paid it £200 each month, Ms B's July 2020 payment of £499 was returned unpaid and in January 2021 she only paid it £350 so her account was then £1,545 in arrears. The agreement was settled in March 2021 when £12,638.88 was paid to BMW Financial Services but the arrears were still outstanding. Ms B paid the arrears in September 2022 but she says that she then became aware that there was adverse information about her payments under the hire purchase agreement on her credit file. She complained to BMW Financial Services and asked it to remove that information but it said that it was unable to uphold her complaint. Ms B wasn't satisfied with its response so complained to this service.

Her complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that the April 2020 reduced payment plan was agreed before the Financial Conduct Authority issued guidance on payment deferrals as a result of the government imposed restrictions in response to the pandemic so the guidance didn't apply. He also said that he hadn't seen that the missed payment in July 2020 and the reduced payment in January 2021 were requested as payment deferrals. He thought that the arrears should have been reported to the credit reference agencies so he couldn't fairly say that BMW Financial Services had reported them incorrectly.

Ms B didn't accept the investigator's recommendation and asked for her complaint to be escalated so I'm issuing this decision on her complaint. She says that the payment deferral guidelines should have been applied, BMW Financial Services agreed to defer her payments because the pandemic created exceptional circumstances for everyone, the arrears should have been included in the settlement quote and she wasn't informed by BMW Financial Services that it had reported adverse information to the credit reference agencies.

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.

Ms B agreed a three month reduced payment plan with BMW Financial Services in April 2020 under which she agreed to pay it £200 each month in April, May and June 2020 rather than the payments of £499 that were due under the agreement. They were reduced payments, not payment deferrals, and the reduced payment plan was agreed before the Financial Conduct Authority issued guidance on payment deferrals as a result of the government imposed restrictions in response to the pandemic, so the guidance didn't apply to the reduced payment plan.

After the reduced payment plan ended in June 2020, the payment of £499 that was due from Ms B in July 2020 was returned unpaid so the arrears on her account increased and BMW Financial Services reported the missed payment to the credit reference agencies. I've seen no evidence to show that BMW Financial Services had agreed that Ms B could miss that payment or that it was being deferred.

Ms B only paid £350 to BMW Financial Services in January 2021 rather than the payment of £499 that was due from her so the arrears on her account increased by £149 to £1,545. I've seen no evidence to show that BMW Financial Services had agreed that Ms B could make a reduced payment or that the payment was being deferred.

In response to the investigator's recommendation, Ms B says that the arrears should have been included in the settlement quote and BMW Financial Services made an error when issuing the quote. BMW Financial Services says that a settlement quote was requested by a dealer in February 2021 and a quote was provided on the basis that all instalments were up to date and, as the quote was requested by a dealer, Ms B wouldn't have received a letter from it.

The statement for Ms B's account shows that a payment of £12,638.88 was received in March 2021 and BMW Financial Services has provided a copy of a letter that was sent to Ms B in June 2021 which says that the payment received was less than the amount required to settle her account so there remained an outstanding balance of £1,545. BMW Financial Services has also provided a copy of the December 2021 statement of account that was sent to Ms B and which shows an outstanding balance of £1,545. Ms B has provided evidence to show that she repaid the arrears in September 2022.

Even if BMW Financial Services had made an error and not included the arrears on the settlement quote, and I make no finding as to whether or not it made an error, the arrears were outstanding from April to July 2020 and January 2021. Whether or not they were included in the settlement quote wouldn't change the fact that they were outstanding and that BMW Financial Services had reported adverse information about them to the credit reference agencies.

BMW Financial Services is required to report true and accurate information about Ms B's payment history to the credit reference agencies. The hire purchase agreement says: *"Missing payments could have serious consequences; we will report missed payments to credit reference agencies, which may make obtaining credit from us and other lenders more difficult"*; so I consider that Ms B would have known, or ought reasonably to have known, that BMW Financial Services would report the missed payments to the credit reference agencies.

I'm not persuaded that there's enough evidence to show that the information that BMW Financial Services has reported to the credit reference agencies about Ms B's payments under the hire purchase agreement isn't true or accurate. Ms B says that obtaining a mortgage will be considerably more challenging and financially burdensome because of the adverse information on her credit file so I appreciate that my decision will be disappointing for her. I find that it wouldn't be fair or reasonable in these circumstances for me to require BMW Financial Services to remove the adverse information about Ms B's payments under

the hire purchase agreement that it's reported to the credit reference agencies or to take any other action in response to her complaint.

My final decision

My decision is that I don't uphold Ms B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 26 May 2025.

Jarrod Hastings
Ombudsman