

## The complaint

Mr A complains about the default that BMW Financial Services (GB) Limited, trading as BMW Financial Services, has recorded on his credit file relating to a hire purchase agreement under which a car was supplied to him.

## What happened

I issued a provisional decision on this complaint earlier this month in which I described what had happened as follows:

*“A new car was supplied to Mr A under a hire purchase agreement with BMW Financial Services that he signed in May 2021. He agreed to make 47 monthly payments of £1,457.05 to BMW Financial Services and there was also an optional final repayment. The car was seized in March 2024 because it wasn’t insured. BMW Financial Services sent Mr A a default notice in April 2024 which said that he’d breached the agreement by purporting to sell and parting with possession of the car without its permission. BMW Financial Services then said that Mr A hadn’t taken the required action to remedy the breach so it terminated the agreement and recorded a default on Mr A’s credit file.*

*Mr A paid the amount that he owed to BMW Financial Services in July 2024 and it updated the default to show that it had been satisfied and that there was a zero balance. Mr A complained to BMW Financial Services about the default but wasn’t satisfied with its response so complained to this service.*

*His complaint was looked at by one of this service’s investigators who, having considered everything, didn’t think that BMW Financial Services needed to take any action as she couldn’t say that it had done anything wrong. Mr A has asked for his complaint to be reviewed by an ombudsman. He says, in summary and amongst other things, that:*

- the car was seized because he’d taken his private plate off but hadn’t updated the insurance database with the new registration number;*
- the car was being driven to a potential client as it was a very expensive car that he found it hard to sell but the car was still owned by him;*
- he complied with the default notice and sent in a copy of the receipt from the pound to show that the car had been released, a photo of the registration document showing him as the current keeper and a copy of his insurance certificate (he says that he’s a director of a motor trade business so has a trade policy which covers any car he wishes to drive); and*
- he was going through medical examinations due to some health problems and he’d been working overseas which led to slower than normal responses to post but BMW Financial Services didn’t attempt to contact him by e-mail or phone”.*

## Provisional decision

I set out my provisional findings in that provisional decision and said:

*“The car was seized in March 2024 because it wasn’t insured. Mr A says that he’d taken his private plate off the car but hadn’t updated the insurance database with the new registration number. BMW Financial Services sent Mr A a default notice in April 2024 which said that he’d breached the agreement by purporting to sell and parting with possession of the car without its permission and: “To remedy this breach you must regain possession of the Vehicle or settle any outstanding finance before 16 May 2024”.*

*Mr A has provided evidence to show that he collected the car from the pound in March 2024 and he paid a removal fee of £192 and £26 for one day’s storage. I’ve seen no evidence to show that Mr A wasn’t in possession of the car during April and May 2024 so I don’t consider that he was in breach of the agreement or that he was required to remedy a breach. I consider that Mr A could have done more to explain to BMW Financial Services that he possessed the car so wasn’t in breach of the agreement but, as the default notice required him to regain possession of the car, I don’t consider that he was required to notify it that he’d done so.*

*BMW Financial Services wrote to Mr A at the end of May 2024 and said that he’d not complied with the default notice so it was ending the agreement and wished to take the car back and it sent him a notice of sums in arrears which said that he owed £68,114.27 under the agreement. Mr A paid the amount due to BMW Financial Services and complained to it about the default that it had recorded on his credit file. It said that it was upholding his complaint but it also said that the default had already been updated to show that it had been satisfied and there was a zero balance.*

*I don’t consider that Mr A was in breach of the agreement in April and May 2024 so I don’t consider that it was fair or reasonable for BMW Financial Services to then terminate the hire purchase agreement or to record a default on Mr A’s credit file. Mr A says that he sold the car in June 2024, which was after BMW Financial Services had terminated the agreement, and he then paid the amount due to it.*

*BMW Financial Services is required to report true and accurate information about Mr A’s hire purchase agreement to the credit reference agencies. I don’t consider that BMW Financial Services should have terminated the agreement and Mr A has paid the amount due. I consider that it would be fair and reasonable in these circumstances for BMW Financial Services to remove the default from Mr A’s credit file and to update the information that it has reported to show that the agreement was settled in full by Mr A in July 2024.*

*I consider that BMW Financial Services ending the hire purchase agreement in the way that it did and recording a default on Mr A’s credit file will have caused him distress and inconvenience. I find that it would be fair and reasonable in these circumstances for BMW Financial Services to pay £250 to Mr A to compensate him for that distress and inconvenience”.*

Subject to any further comments or evidence that I received from Mr A and BMW Financial Services, my provisional decision was that I intended to uphold this complaint. I said that I intended to order BMW Financial Services to remove the default from Mr A’s credit file and to update the information that it has reported to the credit reference agencies to show that the agreement was settled in full by Mr A in July 2024 and to pay £250 to Mr A to compensate him for the distress and inconvenience that he’s been caused.

Mr A says that although he agrees with the provisional decision to remove the default from his credit file, he finds the amount of compensation for the inconvenience and stress caused to be insufficient for the damage done and he's set out reasons that he considers that he should receive more compensation. BMW Financial Services hasn't responded to my provisional 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.

Mr A has described in his response to my provisional decision the impact that the default has had on him. I've carefully considered his response to my provisional decision but I'm not persuaded that a higher award of compensation is justified in these circumstances. Mr A was sent a notice of default by BMW Financial Services but he didn't respond to it and he's said that his responses to post that he received were slower than normal.

I consider that Mr A could have done more to explain to BMW Financial Services that he possessed the car so wasn't in breach of the agreement. Had he done so, I consider that many of the issues that he's experienced since then, and which he's described in his response, would have been avoided.

### **Putting things right**

I find that it would be fair and reasonable for BMW Financial Services to remove the default from Mr A's credit file and to update the information that it has reported to the credit reference agencies to show that the agreement was settled in full by Mr A in July 2024 and to pay £250 to Mr A to compensate him for the distress and inconvenience that he's been caused. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to pay more than £250 compensation to Mr A or to take any other action in response to his complaint.

### **My final decision**

My decision is that uphold Mr A's complaint and I order BMW Financial Services (GB) Limited, trading as BMW Financial Services, to:

1. Remove the default from Mr A's credit file and to update the information that it has reported to the credit reference agencies to show that the agreement was settled in full by Mr A in July 2024.
2. Pay £250 to Mr A to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 January 2025.

Jarrold Hastings  
**Ombudsman**