

The complaint

Mrs L has complained about how BMW Financial Services(GB) Limited ('BMWFS') behaved regarding her finance agreement, after she entered an Individual Voluntary Arrangement ('IVA').

What happened

Mrs L entered into a car finance agreement with BMWFS. But on 7 August 2018, an IVA practitioner notified BMWFS of Mrs L's intention to enter into an IVA. This was to include the balance owing to BMWFS at the time, which was £16,094.19, and was signed and agreed to.

Mrs L then contacted BMWFS in December 2018 because she was having mechanical problems with the car. It was agreed the car would be taken to a garage for diagnostics. On this call, Mrs L was also told she couldn't refinance the outstanding balance, due to it forming part of the IVA.

The following month, the garage contacted BMWFS to say it still had the car, and had had for around a month, but Mrs L wasn't paying for the diagnostics. BMWFS said it would collect the car, and this was arranged for 12 March 2019, on the basis of the car having been abandoned – in breach of the finance agreement. However, Mrs L then collected the car herself, and discussed whether she could keep it if she paid the arrears and the balloon payment. This was agreed, provided Mrs L made the payment on that day – as refinancing wasn't possible due to the IVA. This didn't happen, and the account was defaulted, and the car was ultimately repossessed on 9 September 2019.

Mrs L is unhappy, because she's explained that despite this, and there being faults with the car, BMWFS continued to chase her for payments, and recorded a default on her credit file. It also collected the car without her knowledge.

BMWFS sent its final response on 2 March 2025. It didn't uphold the complaint, as it felt it had reported her account correctly to the credit reference agencies (CRAs). However, it acknowledged it had not responded to Mrs L in a timely manner, and there had been lengthy phone wait times. It offered £75 compensation for this.

One of our investigators looked into what had happened. She could see that between November 2018 and May 2019, BMWFS had sent Mrs L seven statements, setting out the balance, payments made, and any arrears. It also sent eight arrears, some of which said that 'providing you are adhering to the deferral arrangements, you do not need to take any action in response to this Notice'. And throughout this period, Mrs L in the IVA. So, our investigator was satisfied that BMWFS was only sending these to inform Mrs L of the status of her account, as it is required to do – not to chase for additional payment.

The IVA came to an end in June 2024, and Mrs L contacted BMWFS that November, to ask that the default marker be removed. But, our investigator was satisfied that as default markers stay on credit files for six years, there was nothing for BMWFS to do in respect of this. This is irrespective of the IVA having come to an end.

Mrs L feels this is unfair, because she'd never been in arrears until the car encountered mechanical problems, and the agreement was due to end soon after this anyway.

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 done so, I'm not upholding it. I'll explain why.

BMWFS was entitled to require payments if Mrs L had the car – which she did. And indeed, this formed part of the IVA, to which Mrs L had agreed. I know Mrs L had complained of a mechanical issue, but as she wished to keep the car, she needed to pay for it. I don't agree that BMWFS was harassing her for payments outside of the IVA. Rather, there are regulatory requirements that it must adhere to, which include sending arrears letters setting out then account status. It was made clear Mrs L didn't need to take action, provided she was adhering to the plan.

I'm also satisfied that Mrs L reasonably knew the car would be repossessed, if payment weren't made. She wouldn't be able to keep the car without paying for it, and she was made aware multiple times by letter that this was the status of the account.

As regards the default being recorded with the CRAs, all defaults stay on a credit file for six years – as per guidance from the Information Commissioner's Office. This is irrespective of when an IVA completes. So, BMWFS is correct in not asking for it to be removed early.

That said, I can see that BMWFS could have responded to Mrs L in a timelier manner, and has offered her £75 compensation for this. I think this is fair, and is in line with what I'd have awarded.

My final decision

For the reasons given above, it's my final decision that the £75 compensation offered by BMW Financial Services(GB) Limited is fair. I leave it to Mrs L to decide whether to accept this, if she hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 24 November 2025.

Elspeth Wood
Ombudsman