

## The complaint

Mr M complains about what he was told when he entered into a hire purchase agreement with BMW Financial Services(GB) Limited trading as BMW Financial ('BMWFS').

## What happened

At the end of May 2023 Mr M entered into a hire purchase agreement with BMWFS. The car is listed with a cash price of £36,780.09 on the agreement. Mr M paid a deposit of £561.16 and was due to make 47 payments of £559.86 a month, followed by an optional final payment of £17,142.84 if he wanted to purchase the car.

Mr M said he was told around 18 months into his agreement that the car was only worth around £20,000. But he said at the time his settlement figure was around £30,608.41 meaning he was around £10,000 in negative equity.

Mr M says he was told when he took out the agreement that the settlement figure usually 'equals out' halfway.

He said he thinks the deposit and GFV ('Guaranteed Future Value') hadn't been thought about in detail. And he said the deal was done very quickly at the end of the month.

Mr M complained to BMWFS. It issued its final response in October 2024. This said, in summary, that Mr M signed the credit agreement which contained details of the finance. It said the optional final payment was calculated using "*industry standard methods*" and it didn't agree anything was incorrect. BMWFS said it wouldn't modify the terms of Mr M's agreement.

Mr M remained unhappy and referred the complaint to our service. Mr M said he has taken several PCP agreements and "*have always ensured that I ask to make sure the GFV will be accurate and that by halfway through the agreement I wouldn't have much (if any) negative equity*".

He said the response from BMWFS didn't address his complaint that he was told the settlement figure would equal the value of the car halfway through the agreement. And he said he'd spoken to other car dealers who were "*in disbelief*" at the figures involved.

Our investigator issued a view and did not uphold the complaint. In summary, he said Mr M decided the purchase price for the car was reasonable at the time. He said he thought it was most likely that Mr M was told the car's value would equal the settlement figure halfway through the agreement. But he didn't think this statement made Mr M enter into the agreement when he otherwise would not have. So, he didn't think Mr M was worse off and said he didn't think the agreement had been misrepresented.

Mr M disagreed. He said he was not complaining about the purchase price of the car and he knew what this was. He said his complaint was about the GFV and that he was told the settlement figure would equal the value of the car halfway through the term of the agreement.

Mr M said he categorically would not have entered into the agreement if he was given the right information. He said he would've acquired a cheaper car but kept the monthly payments the same so the settlement figure and the car value would've matched halfway through the term. And he said in previous deals the dealer had always worked out the figures this way.

Our investigator issued a second view and explained, in summary, that what Mr M said didn't change his opinion. He said Mr M signed and accepted the terms of the agreement. He said any comments by the dealer about the value of the car would be an opinion and would not be a "binding promise". He said the GFV would not reflect the market value of the car during the agreement. And he said he still didn't think Mr M entered into the contract specifically because of what he says he was told about the value of the car.

Mr M remained unhappy. He said, in summary, that he would not have gone ahead with the agreement if he was told the correct figures. He said the dealer lied about the value of the car. Mr M said he didn't think the dealer could give him an opinion about financial matters and anything they said could be taken as a fact. And he reiterated his previous point about buying a cheaper car.

Our investigator explained this didn't change his opinion. So, the case was passed to me to decide. I sent Mr M and BMWFS a provisional decision on 11 August 2025. My findings from this decision were as follows:

*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 do not initially think this complaint should be upheld. I'll explain why.*

*I should explain to both parties that I may not comment on every argument raised. I want to reassure Mr M and BMWFS that I've carefully considered all of the information and points made. But I'm going to focus my decision on what I consider to be the key facts and the crux of the complaint. This reflects the informal nature of our service.*

*Mr M complains about a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity. So I'm satisfied I can consider Mr M's complaint about BMWFS.*

*Mr M referred to the agreement as a PCP. On the credit agreement itself the finance is listed as a hire purchase, whereas on the 'explanation document' it is recorded as a PCP. For ease, I will only refer to a hire purchase agreement going forward in my decision.*

*Part of this complaint is around the GFV that Mr M explained he was unhappy with. Mr M's agreement does not actually contain a GFV. But it does have a final balloon payment he needed to make if he wanted to purchase the car at the end of the term.*

*Where Mr M has raised an argument about the GFV, I've assumed he is referring to the balloon payment that was on his agreement.*

*Section 56 of the Consumer Credit Act 1974 sets out that under the circumstances of this complaint BMWFS are liable for what the dealer told Mr M about the finance before he entered into the agreement. So, I've had in mind throughout what Mr M said about this.*

*Mr M raised several complaint points. It seems the main point Mr M makes is that the finance was misrepresented to him, because he says he was told halfway through the term of the agreement that the value of the car would equal the amount to settle the finance.*

*I would consider a misrepresentation to have taken place if Mr M was told a 'false statement of fact' that induced him into entering into the contract when he otherwise would not have.*

*Our investigator explained he thought Mr M was told a false statement of fact here. But, having thought carefully about this, I disagree this is most likely.*

*Mr M has raised a very specific point. I've very carefully considered everything he's said about this, including what he says happened at the time, his job and his history of taking out car finance. And I also appreciate it's incredibly difficult to provide evidence to back up what conversation did or didn't happen at the time.*

*I should stress again that what I'm considering here is specifically whether a false statement of fact was made. But the dealer realistically couldn't have known whether the value of the car would match the settlement figure at the halfway point of the term. I say this as this would depend on a significant number of factors. These would include the general state of the used car market at the time, the demand for Mr M's specific make and model, the future condition of the car, the mileage covered etc. And it would also depend on how Mr M had repaid the finance itself. So, I need to consider the likelihood of the dealer setting out something as fact to Mr M that it wouldn't have known at the time.*

*I've also considered that while Mr M has been consistent with what he's said, any conversation took place well over a year before the complaint was raised.*

*I've reviewed the credit agreement Mr M signed. But I can't see what Mr M says is set out in this.*

*I know how strongly Mr M feels about this. And I do appreciate this is somewhat finely balanced, and again very difficult to prove either way. But considering the lack of evidence and things in the round, I've not seen enough to persuade me it's most likely Mr M was told halfway through the term of his credit agreement that the value of his car would match the settlement figure.*

*It follows I'm not persuaded a false statement of fact was made. And this means I find the finance was not misrepresented to him.*

*Mr M also raised the point that he believed the car's value is currently roughly equal to the balloon payment under the agreement. He said this means the calculations BMWFS made mean the car won't depreciate at all before the end of the term and so it did something wrong.*

*But, in summary, I haven't seen any evidence BMWFS did anything wrong here nor that the terms of the agreement weren't made clear to Mr M. And, while I'm sure he is aware of this, if he isn't happy with the balloon payment at the end of the agreement, he does not need to pay it and can hand the car back. This is specifically set out in the 'Explanation document':*

*"If the value at the time turned out to be less than the optional final repayment, you could choose to return the vehicle without paying the optional final repayment"*

*So, I can't see he is at a loss here either way.*

*Mr M says the dealer knew his budget and rushed the sale through giving him a product that did not meet his requirements. I've carefully thought about this, but I haven't seen enough to persuade me this was the case.*

*I've also thought about things in general terms here, but having done so I can't see Mr M*

*was given incorrect information about the finance nor misled in some other way.*

*I want to reassure Mr M that I've carefully considered everything else he's said in relation to this complaint. But this doesn't change my opinion.*

BMWFS did not respond.

Mr M replied and made several points to consider.

### **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 M made a number of points in response to the provisional decision. He specifically requested these were all commented on individually, so I've gone through these in turn. Please note I've summarised what Mr M said:

*Mr M said he thinks a PCP and a hire purchase agreement are very different and the terms are not interchangeable.*

PCP agreements are a type of hire purchase and in fact are quite similar when a hire purchase agreement contains a balloon payment. I find BMWFS need to take no action on this point.

*Mr M said he thought a GFV was an essential element of a PCP agreement. And he said other parties referenced this.*

Generally speaking, a PCP will contain a GFV. But the balloon payment functioned in a similar way in this case. I've considered this, but I can't see this affects the outcome of the complaint either way.

*Mr M said he wanted me to elaborate on why I disagreed with our investigator and believe he was not told a false statement of fact.*

I've reviewed my provisional decision and, respectfully, I'm satisfied my reasoning on this point was explained and set out above.

*Mr M questioned if the dealer couldn't have known the value of the car would match the settlement quote at the halfway point, why it said it would.*

I've thought about this carefully. But I still haven't seen enough to persuade me the dealer did tell Mr M this. So, this doesn't change my conclusions.

*Mr M asked for the relevance of pointing out that the conversation at the dealer took place over a year before the complaint was raised.*

I set this out as, while I'm sure Mr M has given his honest recollection of events, many people would find it difficult to recall the very specific wording used in a conversation after this amount of time.

*Mr M said the whole point of the complaint is that what he says he was told didn't appear on the credit agreement.*

I appreciate Mr M's point here, but I still think it's important to reference the documents from the time and that these didn't contain the information he says he was told.

*Mr M said it was untrue he wasn't at a loss and that this was around £10,000.*

I've carefully thought about this, but respectfully I don't agree Mr M has lost £10,000 here.

*Mr M said his requirement for the agreement was that the value of the car and settlement figure would even out at the halfway point, and this was the reason he went ahead with the contract. He said this has left him £10,000 out of pocket.*

At the risk of repeating myself, I'm still not persuaded he was told this, nor seen that he is at a £10,000 loss. So, this doesn't change my opinion.

*Mr M referenced the Consumer Credit Act 1974 and said this meant the dealer could not mislead consumers nor recommend specific products. He said because he was told the agreement would meet his need of the car value matching the settlement figure at the halfway point, he had been misled.*

Again, I am not persuaded Mr M was told this. So, what he set out here doesn't change my opinion.

*Mr M mentioned the Financial Conduct Authority ('FCA') Consumer Duty rules. He said information provided should be clear, fair and not misleading. And he said salespeople couldn't pressurise consumers into unsuitable agreements.*

I'd like to reassure Mr M that I've had in mind relevant law, legislation, good practice at the time and other guidance when considering this complaint, including what the FCA sets out in the Consumer Duty, its Principles for Business ('PRIN') and in the Consumer Credit sourcebook ('CONC'). But I can't see any of these have been breached in this case. And I haven't seen Mr M was pressurised into taking this agreement.

*Mr M said he found out the dealer is subject to "DCAs". He said this proved they had a history of mis-selling and have continued to mis-sell.*

I've had to consider only what happened in Mr M's specific case in this decision. So, this doesn't change my opinion here.

I'd like to reassure Mr M that I've carefully thought about all of the other information on the complaint again. But I still do not think it should be upheld for the reasons explained in my provisional decision and set out above.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 September 2025.

John Bower  
**Ombudsman**