

The complaint

Mr S complains about the miscommunication from BMW Financial Services (GB) Limited trading as BMW Financial Services (“BMWFS”) when he was voluntarily terminating his hire purchase agreement.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In December 2021, Mr S entered into a hire purchase agreement with BMWFS to acquire a new car. The agreement was for four years and had a total permitted mileage allowance of 40,000. The agreement confirmed that any mileage covered above that amount, pro-rated if the agreement was ended early, would be charged at 17.25p per mile.

In March 2024, Mr S called BMWFS to ask about voluntarily terminating (VT) the agreement. He was told the shortfall he would need to pay, and he was asked for the current mileage of the car. He confirmed it as approximately 53,000 miles, and BMWFS’s agent said the excess mileage charge would be approximately £224. BMWFS confirmed this amount again to Mr S a couple of days later, and he processed the VT by email with them.

Shortly after, BMWFS informed Mr S that an error had been made, and his excess mileage charge was approximately £5,260. They said he had covered 30,500 miles more than the pro-rated mileage allowance on the agreement. Mr S complained to BMWFS. They offered to waive 50% of the outstanding balance, pay Mr S £350 compensation and remove any adverse information from his credit file once all the arrears had been settled. Mr S accepted this offer.

However, Mr S continued to use the car between the time he proceeded with the VT and the time the car was collected. BMWFS agreed to waive the additional £860 excess mileage charge, and they paid Mr S a further £100 compensation as the original compensation hadn’t been paid in a timely way. This brought Mr S’s total compensation to £450.

Mr S complained to BMWFS again in May 2025 as his credit file was still being impacted. BMWFS confirmed he had settled his arrears in full in April 2025 and they had informed the credit reference agencies of that in May 2025, although it could take up to 30 days to be reflected on his credit file.

Mr S brought his complaint to our service. He felt BMWFS should refund him the 50% he had been required to pay for his excess mileage. Our investigator didn’t uphold it. She said that she thought BMWFS had recognised their mistake and had made Mr S a fair offer to put things right.

Mr S didn’t agree and maintained that he felt he should be refunded for his outlay too.

As Mr S didn’t accept, the complaint has been passed to me for a 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Mr S is a regulated consumer credit agreement this service is able to consider complaints relating to it.

I'm sorry to hear about the issues Mr S has experienced. Our investigator has already provided a comprehensive view of Mr S's complaint. And, having considered everything provided by both parties, I have to say I agree with our investigator. I'm satisfied BMWFS have offered a fair resolution to Mr S's complaint. I'll explain why.

There is no doubt that BMWFS misadvised Mr S when he initially called them to find out his shortfall and any excess mileage charges that might apply should he choose to VT the agreement. The incorrect excess mileage figure was provided to him on two occasions – all parties are in agreement with that. But it isn't my role to make that incorrect information become true. I need to decide if BMWFS have done enough to recognise their error and fairly compensate Mr S for it.

Mr S's agreement allowed for a total permitted mileage of 40,000 across the full term. At the time of requesting to VT the agreement, he had covered approximately 53,000 miles in 27 months, which is significantly higher than his permitted mileage had the agreement ran for its full term. And the agreement confirms that the total permitted mileage allowance will be pro-rated if the agreement is ended early – which means Mr S should have covered approximately 22,500 at the time he requested VT, to be in line with the terms of the agreement and to avoid any excess mileage charges being applied. It's regrettable that BMWFS provided Mr S with the incorrect amount on two separate occasions – but I'm satisfied they've recognised that by agreeing to write off 50% off the total amount Mr S was required to pay. Mr S had covered a significant mileage in the time he'd been in possession of the car, and I'm satisfied he should have to pay for any mileage he'd covered over and above the terms of his agreement.

In addition, Mr S continued to use the car after the VT had been processed and while he was disputing the amount he needed to pay. He covered approximately 5,000 miles between March and June 2024, and more miles between June and September 2024, when the car was collected by BMWFS's agent – and BMWFS agreed to not add that additional mileage to the previous, correct excess mileage charge they'd confirmed to Mr S. I'm satisfied that's a reasonable thing for BMWFS to have done, to try and help Mr S fulfil his requirements under the agreement.

BMWFS have also paid Mr S £450 compensation to reflect the upset caused to him of being provided with incorrect information. No amount of money can change what's happened, but the amount BMWFS have paid Mr S is in line with what I would have recommended where the impact of the mistake has caused considerable distress, upset or worry – and/or significant inconvenience that needs a lot of extra effort to sort out. Because of that, I'm satisfied that BMWFS's compensation amount is reasonable in the circumstances of this case.

Finally, BMWFS explained to Mr S when he accepted their offer in August 2024, that his credit file would be amended, and any adverse information in relation to this agreement would be removed, once he had settled the arrears on the agreement in full. I'm satisfied

that was clear on their final response letter and on the acceptance form Mr S signed to confirm agreement to it. Mr S settled the arrears in April 2025, and BMWFS informed the credit reference agencies of this in May 2025. Mr S hasn't provided anything to suggest his credit file is still being adversely impacted by BMWFS. If he feels it is, then he will need to speak to BMWFS about this in the first instance and allow them the opportunity to look into things for him.

I know this decision will come as a disappointment to Mr S, and there is no doubt BMWFS didn't handle his request to VT as they should have done initially. But I'm satisfied they've made Mr S a fair offer to resolve things, so I won't be asking them to do anything further in relation to this complaint.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 February 2026.

Kevin Parmenter
Ombudsman