

The complaint

Miss N complains that BMW FINANCIAL SERVICES (GB) LIMITED (BMWFS) terminated her motor finance agreement without due consideration of her personal circumstances.

What happened

In January 2020, Miss N acquired a new car through a hire purchase agreement with BMWFS. The cash price of the car was £27,601.45. An advance payment of £1,162.48 was listed, so the total amount financed under the agreement was £26,438.97, payable over 47 monthly repayments of £357.98, followed by a final monthly repayment of £13,473.09.

Miss N complained that BMWFS terminated her agreement despite her explaining her significant personal and medical difficulties. She said they threatened recovery action, refused to support her, and did not allow her to voluntarily terminate (VT) the agreement. Miss N said they declined her request to privately sell the car, failed to respond to her subject access request (DSAR), and left her distressed, without clarity, and unable to resolve the situation.

Miss N says she now has a default on her credit file, so she is unable to change her car and is concerned about how she will be able to get to work.

In May 2025, BMWFS issued their final response to Miss N's complaint, which they did not uphold. In summary, they confirmed that Miss N's agreement was in arrears between January and June 2024, and following many attempts to contact her, they issued a default notice in June 2024. They said a second default notice was issued in December 2024 due to further arrears. The agreement was then terminated in February 2025, as the default notice was not complied with. BMWFS offered to pay Miss N £100 as a gesture of goodwill for the time taken to respond to her complaint.

In July 2025, BMWFS issued a further response relating to Miss N's request to sell the car privately and her DSAR request. They acknowledged their oversight in not processing the DSAR and offered Miss N £50 in compensation for the inconvenience.

Unhappy with their decision, Miss N brought her complaint to our service, where it was passed to one of our investigators to review.

In September 2025, our investigator issued their view and recommended that Miss N's complaint should not be upheld. In summary, the investigator considered that BMWFS had acted fairly by reporting credit information on her credit file and in deciding to terminate her agreement.

Miss N did not accept the investigator's findings and asked that her complaint be referred to an ombudsman for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

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Firstly, I acknowledge what Miss N has told us about her personal circumstances, and I'm sorry to hear about this. I recognise this would likely have made things more difficult for her. If she hasn't already done so, Miss N may decide to seek further support from recognised organisations. Further information about this can be found on our website at the following address: <https://www.financial-ombudsman.org.uk/accessibility/additional-support>

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In an email to the investigator in October 2025, Miss N said she wasn't only complaining about the termination of her agreement, but also about the lack of support she received from BMWFS regarding her personal and financial circumstances at the time.

The Consumer Credit Act 1974 (CCA) requires lenders to give borrowers a notice of sums in arrears when at least two payments have been missed under the agreement. In their file submission, BMWFS provided evidence that, from around September 2023, Miss N was sent arrears correspondence advising her that she was late with her repayments and informing her of the support available to her at that time. In line with the CCA requirements, I consider BMWFS to have acted fairly here.

The arrears correspondence continued throughout the following year, during which the arrears increased, and two default notices were issued — one in June 2024 and another in December 2024.

The CCA also requires businesses to serve notice on a borrower before they are entitled to take certain actions, including terminating an agreement or recovering goods. I can see that BMWFS wrote to Miss N each month from September 2023 to April 2024 regarding the arrears on her agreement. They also advised her that she might be issued with a default notice, which could result in termination of the agreement. In June 2024 and December 2024, BMWFS issued Miss N with default notices advising that the agreement may be terminated if she did not repay her arrears by a specified date. This ultimately led to the termination of the agreement in February 2025 — the issue Miss N is complaining about.

I recognise what Miss N has said about her contact with the dealership. However, I think it is reasonable to conclude that she would have been aware that default action was pending. Given the information contained in the finance agreement regarding missed payments, the arrears correspondence from BMWFS, and the increasing arrears, I am satisfied that BMWFS acted reasonably in taking the action they did.

The Information Commissioner's Office (ICO) Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies are also relevant. These principles

state that lenders supplying data to CRAs must ensure it is accurate, up to date, and meets agreed quality standards. They further explain that if a borrower falls into arrears or does not adhere to revised terms, a default may be recorded to reflect that the relationship has broken down.

In both the June 2024 and December 2024 default notice correspondence, BMWFS informed Miss N that missed payments would be reported to credit reference agencies and might affect her ability to obtain credit. In light of the ICO's guidance, I do not consider BMWFS to have acted unfairly by reporting accurate information about Miss N's account.

The Consumer Credit Sourcebook (CONC), part of the Financial Conduct Authority's handbook, states that businesses must treat customers in default or arrears difficulties with forbearance and due consideration. CONC 7.3.5 gives examples of such forbearance, including suspending, reducing, or waiving interest or charges, allowing payment deferrals, or accepting token payments.

Miss N received default notices from BMWFS in June and December 2024, and each letter informed her of the support available at the time. The agreement was then terminated some months later, in February 2025. Based on the evidence provided, I am satisfied that BMWFS offered the level of support required under FCA rules.

Taking everything into account, I am satisfied that BMWFS treated Miss N fairly in relation to the arrears on her agreement and the subsequent default recorded on her credit file. I acknowledge Miss N's feelings about the contact she had with the dealership, but I consider the correspondence from BMWFS to have been reasonably sufficient in keeping her informed about the status of her agreement.

My final decision

My final decision is that I don't uphold Miss N's complaint about BMW FINANCIAL SERVICES (GB) LIMITED.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 6 March 2026.

Benjamin John
Ombudsman