

The complaint

Mr S complains that BMW FINANCIAL SERVICES (GB) LIMITED, trading as ALPHERA Financial Services (“BMW”) defaulted his account and terminated his credit agreement early because of missed payments.

What happened

Mr S entered into a hire purchase agreement with BMW for a used car in October 2023. The cash price of the car was £37,817, and the credit agreement was set up over a term of 49 months with monthly payments of £551.28. If the credit agreement ran to term, and Mr S paid the optional final payment, the total amount repayable would be £51,240.44. By March 2025, Mr S had missed a number of payments on a number of occasions, and BMW made the decision to terminate the finance agreement early.

Mr S told us:

- he travelled abroad on several occasions and missed some repayments due under his credit agreement;
- an incident with his bank account meant that the direct debit mandate was cancelled and payments were not made;
- BMW terminated his credit agreement and notified him of its intention to repossess the car – although it held off on repossession when he brought his complaint to this Service;
- he would like to pay the outstanding arrears and continue with the credit agreement;
- he’s caring for a family member who suffers from ill health, and he needs the car so that he can continue providing support.

BMW rejected this complaint. It said Mr S told it that he’d been out of the country caring for a family member and would clear the arrears on his return on 5 February 2025. But it said that by April no payment had been made so a default notice was issued, and Mr S was notified that it would look to recover the car.

BMW told this Service about the way the account had been conducted since inception, and it sent copies of the arrears letters it had sent to Mr S on fourteen separate occasions in 2024, together with copies of the *Notice of Sum in Arrears* it had sent on three separate occasions between April 2024 and February 2025. And it provided records showing the telephone calls it had made or attempted to make to Mr S to support him and resolve the matter.

BMW says it issued its third *Notice of Sum in Arrears* in February 2025 and that once the *Notice* had expired, a team contacted Mr S to notify him that the account was being terminated, and it would look to repossess the car. BMW says Mr S telephoned it to say he’d clear the outstanding arrears, and he also asked for a settlement figure.

BMW says on 21 February 2025 it attempted to call Mr S, but the call was not picked up. It sent Mr S the settlement figure he’d requested, and it told him this figure was valid until 4 March 2025. BMW says the account was not settled, so it terminated it on 7 March 2025.

BMW told this Service that it had planned to repossess the car, but it put any action on hold when Mr S raised a complaint with it. It didn't uphold his complaint, and it restarted repossession action. But when Mr S complained to this Service, it again put its repossession action on hold.

Our investigator looked at this complaint and said she didn't think it should be upheld. She explained that under the relevant regulations, a business can serve a default following a breach of the regulated agreement. And she noted that the credit agreement signed by Mr S stated that missing payments can lead to the agreement being terminated and the car being repossessed.

Our investigator said she'd considered the guidance issued by the Financial Conduct Authority ("FCA") and was satisfied that BMW had issued the default notice in accordance with the requirements set out under the Consumer Credit Act (1974) as well as the FCA's guidance. She said he thought BMW had acted fairly, clearly and with forbearance and she could understand why it had taken the action it had, and she wouldn't be asking it to do anything else.

Mr S disagrees so the complaint comes to me to decide. He says he understands that he missed the payments, but he did not refuse to make them, and he highlighted the fact that he'd had a credit agreement previously, and he'd not missed a single payment. Mr S says he needs the car for work and is *"willing to come to a fair agreement on payments going forward to resolve this matter"*.

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.

In considering what is fair and reasonable, I need to have regard to 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.

Having considered all the evidence, I've reached the same conclusion as our investigator and for broadly the same reasons.

The Consumer Credit Act (1974) says that it's necessary for a creditor to serve a default notice before it can become entitled to terminate the agreement, demand early repayment, or recover possession of any goods.

BMW sent a default notice to Mr S in December 2024, and it wasn't until March 2025 that it terminated the agreement, which meets the requirement stipulated in the Act - a creditor must give at least 14 days' notice before any action is taken in relation to a default notice.

Mr S's complaint is essentially about how he was treated by BMW when he missed several monthly payments due under his hire purchase agreement. The rules and guidance relevant to Mr S' agreement are set out in the FCA's Consumer Credit handbook ("CONC"). For ease of reference, I've highlighted some of these below.

CONC 7.3.4R states that a firm must treat customers in default or in arrears difficulties with forbearance and due consideration. And 7.3.5G explains that examples of forbearance could include deferment of payment of arrears or accepting token payments for a reasonable period of time in order to allow a customer to recover.

CONC 7.3.6G states that where a customer is in default or in arrears difficulties, a firm should allow the customer reasonable time and opportunity to repay the debt.

CONC 7.3.14R states that a firm must not take disproportionate action against a customer in arrears or default.

CONC 3.3.1R states that communications from firms must be clear, fair and not misleading.

Now I accept that Mr S doesn't agree but, having considered what both parties have said and submitted, I'm satisfied that BMW acted in line with the requirement to treat customers in arrears with forbearance. In coming to this conclusion I've had regard to the fact that:

- BMW tried to engage with Mr S on a number of occasions, and through a number of mediums – it sent emails, it sent letters and when it received no response to these, it telephoned him, left voicemails and followed up these call attempts with further correspondence.
- I've noted that between February 2024 and July 2024, Mr S' account reached an arrears level of five months – five missed monthly payments. In this time, BMW sent seven arrears' letters; it sent five emails; it attempted four telephone calls and left three voicemails; before it defaulted the account and issued a default letter;
- In July Mr S repaid the outstanding arrears but then went on to miss that month's payment.
- Between July 2024 and May 2025, I've noted that the account reached an arrears level of more than seven months and during that period BMW sent seven letters about the level of arrears; it attempted seven telephone calls and left a voicemail; it sent eight emails; and it notified Mr S that a default was pending, before notifying him that it had defaulted the account.
- It was only after Mr S fell more than £3,000 into arrears that BMW issued a Notice of Default, and this was only after receiving no response from Mr S when it confirmed the level of arrears and notified him of a pending default.
- It was only after all these attempts to engage with Mr S over a period of a number of months that BMW notified Mr S in February that it would be terminating the account and seeking to repossess the car. At Mr S' request, BMW provided a settlement figure valid until 4 March 2025, and only when this deadline had passed, did BMW actually terminate the account.
- Once the Notice of Default had expired, BMW didn't seek to terminate the agreement for nearly nine weeks, during which time it attempted to contact Mr S, but to no avail.
- I've noted that although BMW's intention is to repossess the car, it put this action on hold on two occasions; whilst it investigated Mr S' complaint, and then again when Mr S brought his complaint to this Service.

While I can understand that Mr S will have been distracted by the situation with his family and whilst he was abroad, and therefore may not have received *some* of the communications from BMW, I am unaware of him acting to ensure that BMW was made aware of the situation – he didn't contact it immediately upon his return to the UK to remedy the arrears. And because of this, BMW was dealing with increased arrears and had zero contact from Mr S.

Taking everything into account, I'm satisfied that BMW was clear in its communications with Mr S about the state of his account and what he needed to do to remedy things, and I'm satisfied it acted with appropriate forbearance as well.

I've gone on to consider whether the termination of the credit agreement was fair, but for the reasons I've already given, I'm satisfied that it was. I say this because BMW sent communications with Mr S about the arrears on numerous occasions, and over a number of months, and it gave him an appropriate amount of time to repay the arrears, before it finally decided to terminate the agreement.

In summary, I can't uphold Mr S' complaint. I know Mr S will be disappointed with the outcome of his complaint, but I hope he understands why I've reached the conclusions that I have.

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 S to accept or reject my decision before 9 February 2026.

Andrew Macnamara
Ombudsman