

The complaint

Mr H complains that a hire purchase agreement with BMW Financial Services (GB) Limited, trading as BMW Financial Services, under which a car was supplied to him was unaffordable for him. He also complains that he was given incorrect information about the agreement.

What happened

A used car was supplied to Mr H under a hire purchase agreement with BMW Financial Services that he electronically signed in July 2024. The price of the car was £30,750 and Mr H agreed to make 47 monthly payments of £599.08 to BMW Financial Services. There was also an optional final repayment of £13,731.71.

Mr H complained to BMW Financial Services about the hire purchase agreement in May 2025, but it didn't uphold his complaint. It said that it completed reasonable and proportionate checks, which confirmed that Mr H was able to repay the monthly payments. It also said that Mr H had signed the hire purchase agreement and it included the interest rate, the monthly repayments and the other fees and charges. It apologised for its delay in responding to his complaint and paid him £100 as a gesture of goodwill.

Mr H wasn't satisfied with its response so referred his complaint to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She said that she couldn't say that proportionate checks were completed by BMW Financial Services, so she looked at Mr H's bank statements for the three months before he entered into the hire purchase agreement. She said that she hadn't seen anything to indicate that BMW Financial Services made an unfair decision to lend or that it had treated Mr H unfairly.

Mr H hasn't accepted the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He's provided detailed responses about his financial situation, which include, amongst other things, the difference between his discretionary and non-discretionary expenditure, his overdraft usage and his rental payments. He says that the car has been written off due to a collision.

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 H applied to BMW Financial Services for finance to pay for a car to be supplied to him. He declared that his annual salary was £38,500 and that he was living with his parents. BMW Financial Services described, in its final response letter to Mr H, the checks that it made, including a credit search. It says that Mr H's application was manually reviewed and he was asked to provide three months' bank statements to review his existing financial commitments and outgoings and to validate his declared income.

BMW Financial Services was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr H was sustainably affordable for him before

entering into the hire purchase agreement. I consider that the checks that BMW Financial Services conducted, including a search of Mr H's credit file and reviewing his bank statements for the three month period before he entered into the hire purchase agreement, were reasonable and proportionate in the circumstances of the credit for which Mr H had applied.

BMW Financial Services has provided a copy of the analysis that it completed of the bank statements. It calculated that Mr H's monthly salary was £2,242, that he had other recurring income of £283 each month and that his average expenses were £1,716. It said that Mr H's monthly disposable income was £768.55 and that it was happy to approve his application, but that too much more wouldn't leave him with enough disposable income. After making the monthly payment under the hire purchase agreement of £599.08, its calculations showed that Mr H would have been left with a disposable income of £169.47.

BMW Financial Services has also provided a copy of the results of the credit search that it made. It showed, amongst other things, that the average balance on Mr H's bank accounts was more than £1,000 and I don't consider that Mr H's use of his overdraft, particularly as he made frequent transfers to and from another account, was enough to show that BMW Financial Services shouldn't have provided credit to him. I consider that it was fair and reasonable for it to have concluded, on the basis of the reasonable and proportionate checks that it had made, that a hire purchase agreement with a monthly payment of £599.08 for four years was likely to be sustainably affordable for Mr H at that time.

Mr H has provided more detailed information about his financial situation and explanations of his operation of his bank account, but he didn't provide that information to BMW Financial Services at the time of his application, so it wouldn't have been aware of it. I don't consider that reasonable and proportionate checks would have required it to have obtained any more information from him.

I've looked at Mr H's bank statements for May to July 2024, the three months before he entered into the hire purchase agreement. They show that his average monthly employment income over that period was £2,412. In his response to the investigator's recommendation, Mr H provided detailed information about his non-discretionary expenditure over that period and his average monthly non-discretionary expenditure based on that information was £1,759. That includes the rental payments that he's described, food, fuel, insurance and monthly payments for his existing credit commitments. Using the non-discretionary expenditure information provided by Mr H, and after making the monthly payment under the hire purchase agreement of £599.08, Mr H would have been left with a disposable income of only £53.92. That is a lower disposable income than I would normally consider to be sustainable, but that isn't what BMW Financial Services saw from its reasonable and proportionate checks.

I've carefully considered all that Mr H has said and provided about his complaint. I consider that it was fair and reasonable in these circumstances for BMW Financial Services to have accepted Mr H's application for finance to pay for a car to be supplied to him and to have concluded that a hire purchase agreement with a monthly payment of £599.08 was likely to be sustainably affordable for him.

Mr H says in his complaint form that the car was offered to him as a better alternative to using his own finance provider at a significantly lower APR. Mr H electronically signed the hire purchase agreement and agreed for the car to be supplied to him on the terms that it contained. I consider that the hire purchase agreement clearly set out the amount of credit that was being provided to him, the total charge for the credit, the interest rate and the number and amount of the monthly payments. If those terms weren't acceptable to Mr H, I consider that it would be reasonable to expect him not to have entered into the hire purchase agreement.

BMW Financial Services has apologised to Mr H for its delay in responding to his complaint and it paid him £100 as a gesture of goodwill. I consider that to have been a fair and reasonable response to its delay in dealing with his complaint. I've also considered whether BMW Financial Services acted unfairly or unreasonably in some other way, including whether its relationship with Mr H might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

Mr H said in his complaint form that he'd like BMW Financial Services to terminate the agreement and collect the car, refund all interest and fees and delete the entry from his credit file. Since then, he's said that the car has been written off due to a collision. If he hasn't already done so, I suggest that Mr H contacts BMW Financial Services about the options that are now available to him under the hire purchase agreement.

BMW Financial Services is required to report true and accurate information about the hire purchase agreement to the credit reference agencies. I've seen no evidence to show that the information about the hire purchase agreement that's on Mr H's credit file isn't true and accurate, so I find that it wouldn't be fair or reasonable for me to require BMW Financial Services to amend or remove that information. I appreciate that my decision will be disappointing for Mr H, but I find that it wouldn't be fair or reasonable in these circumstances for me to require BMW Financial Services to take any action in response to his complaint.

My final decision

My decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 February 2026.

Jarrod Hastings
Ombudsman