

The complaint

Mr K complains that BMW Financial Services (GB) Limited trading as Alpha Financial Services (“AFS”) treated him unfairly after payments failed.

What happened

Mr K entered into a hire purchase agreement to acquire a car in April 2021. He agreed to make 47 payments of around £410 followed by an optional final payment of around £16,250.

Mr K said that when he moved bank accounts his direct debit didn't move across, so it meant he missed payments in September and October 2024. He said he contacted AFS and was told that the arrears would be added onto the end of his contract.

Mr K said that he then received letters chasing the arrears and was told that the arrears could not be added to the end of the agreement.

He complained to AFS and asked it to listen to the call recordings. He said that the arrears letters and adverse information were affecting his mental health. He added that he was frustrated and stressed by having to chase for a response and being on hold on the phone for excessive periods of time. He asked for the adverse information to be removed and for the arrears to be added onto the end of the agreement as agreed.

AFS said that payments in September and October 2024 were returned as unpaid. It said November and December 2024 payments were made but were later reclaimed by a direct debit indemnity through Mr K's bank, which mean the payments were returned to him. It said that there was a conversation in January 2025 about this, and Mr K agreed to make a manual payment for the arrears of £2,047.55 which comprised five payments. It said that Mr K had stated that the missed payments weren't due to financial difficulties but rather the rejection of the direct debit mandate by the bank. It said that it couldn't extend the term of the loan but was willing to assist by discussing an affordable payment arrangement to clear the arrears. It ultimately did not uphold the complaint but offered £150 for its delayed response.

Mr K referred his complaint to the Financial Ombudsman. An investigator here considered the complaint. He said that no call had been located and he couldn't identify any conversations where there was an agreement to add the arrears onto the end of the agreement. He said that AFS had been clear that this was something it couldn't offer by the end of November 2024, and it was not obliged to extend or vary the agreement.

Mr K disagreed; in summary he said:

- A regulated credit agreement can be extended either by variation or a new agreement. So AFS' statement that it couldn't be done isn't legally correct. It could have been done and was fair and reasonable given his previous history of repayments. Had it been granted, then arrears would not have materialised and adverse information would not have been reported.
- Mr K referred to examples of other decisions issued by the Financial Ombudsman Service. He said that AFS ought to remove the default it had reported to the credit

reference agencies as it hadn't issued a statutory default notice.

Our investigator explained that he had looked into matters which preceded AFS' final response in April 2025 and no default had been issued at that point, so it wasn't something that could be considered, and Mr K should make a further complaint to AFS.

Mr K maintained that the default was now part of his complaint, as he had now raised it and the complaint was still active and not been determined by an ombudsman. A default was significant to his complaint because it had not been issued by the time AFS issued its final response.

The complaint has been passed to me to make a final 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.

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 having been good industry practice at the relevant time.

I'm sorry to hear that Mr K had some issues with his bank account. I hope he has now resolved this. Our investigator has let him know that I'm required to look up to the point when AFS issued its final response on 11 April 2025. Up until that point a default hadn't been reported to the credit reference agencies, so while I understand that Mr K is unhappy that things have moved on since he made his complaint, it doesn't form part of my decision. If Mr K is unhappy with other events not clearly set out in this decision, then he'll need to make a further complaint about that as I don't have a free hand to consider it here.

I know this will come as a disappointment to him, but having considered all the circumstances, I've reached the same overall conclusions as the investigator for broadly the same reasons. I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the quick and informal nature of this service in resolving disputes. Our powers allow me to do this.

Where the evidence is incomplete or inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances. Mr K acquired the car using a hire purchase agreement from AFS. That is a regulated consumer credit agreement, and our service is able to consider complaints relating to it.

The hire purchase agreement that Mr K signed sets out the consequences of not making payments of the correct amount on the due date. It also explains that AFS could send notices of sums in arrears which set out the consequences of non-payment. The agreement also explains how and when AFS could report missed payments to the credit reference agencies. By signing the agreement Mr K accepted those terms so I don't think that AFS acted unfairly in expecting payments in line with the agreement and it had the grounds to report a true reflection of the payment history including the missed payments to the credit reference agencies.

It doesn't seem to be disputed that Mr K missed a number of payments towards the loan over an extended period. He's explained that this was due to a problem with his bank and not that he was in financial difficulties or that he didn't have the funds available. I don't have a lot of information about what exactly that problem was, but as he's said he wasn't in financial difficulties I must assume that he had the funds available to make these payments. I'm satisfied that AFS provided alternative means for Mr K to make payment such as by telephone, through online servicing or by bank transfer.

AFS sent a number of emails and letters over an extended period, it also called him but was unable to reach him. The letters and emails are the sorts of documents that I'd expect to see when payments were missed. It was required to let him know about the consequences of missing payments. So, I think it did give fair notice to Mr K that there was a problem and what he needed to do.

Mr K's main arguments relate to a conversation that he said he had with AFS between September and October 2024. He said that he was told his arrears could be added onto the end of the agreement, which meant it would be extended by two months. AFS has said that no calls were received until around the end of November 2024, and the caller failed to pass security. Mr K hasn't been able to confirm exactly when the conversation took place, or evidence of his call logs.

As there isn't sufficient evidence to demonstrate that Mr K did make a call to AFS, I've thought about what might have happened. It's possible that Mr K was given unclear or inaccurate information. But I find it unlikely that AFS would have offered the option to add arrears onto the end of the agreement. It has explained that it is not its policy to do so, and I can understand that. Given the optional final payment would have also been due at that time, that sort of arrangement wouldn't have been practical.

The difficulty here is that although it might have been technically and legally possible for AFS to vary the agreement or to refinance it, that doesn't mean that it had an obligation or that it was reasonable for it to do so. If Mr K was in financial difficulties at the time, then it could have offered breathing space or discussed an affordable repayment arrangement. But Mr K maintained that he was not in financial difficulties. I must explain that AFS did offer those options to him in writing, and even if he did enter into an arrangement to pay, that would still have led to information being recorded on his credit file.

Even if there was sufficient evidence that the call took place, AFS had sufficiently clarified matters by the end of November 2024. Mr K alleges that he was told the agreement could be extended by two months, I've explained that I'm not persuaded that it made that offer. But even if it did, Mr K was aware that he needed to do something about the subsequent payments, which were still not made. Despite this Mr K didn't catch up with the arrears until July 2025.

Mr K doesn't seem to dispute being aware that he needed to make the payments. But rather was unable to do so because of circumstances out of his control. But I've not seen sufficient evidence from Mr K that he did enough to mitigate the situation by either making payment by another means or requesting a payment arrangement.

I understand and sympathise that Mr S might have initially had a problem with his bank. But even though I have sympathy for his situation that doesn't mean I can direct AFS to remove the missed payment markers relating to his account. So having considered everything carefully I don't find I have grounds to direct it to take further action. AFS were fair to ask him to keep up with his contractual repayments and it also needed to report a true reflection of his payment history, and it's clear several payments have been missed.

AFS also offered Mr K £150 because it took too long to issue a final response. I can see that it did tell Mr K that he could refer the matter to the Financial Ombudsman in February 2025, but it was reasonable for it to make this offer even though it didn't uphold the complaint. If Mr K wants to accept that now he should get in touch with AFS to check if it is still available. I don't require it to do anything further to resolve this complaint.

I understand that Mr K is now unhappy that the situation escalated after AFS issued its final response in April 2025. For the avoidance of doubt those events do not form part of this decision.

My final decision

My final decision is that I don't uphold this complaint.

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

Caroline Kirby
Ombudsman