

The complaint

Mr I is unhappy with the information being reported on his credit file by BMW Financial Services(GB) Limited (BMWFin).

When I refer to what Mr I or BMWFin have said or done, it should also be taken to include things said or done on their behalf.

What happened

In February 2014, Mr I entered into a hire purchase agreement with BMWFin to acquire a used car first registered in July 2013. The cash price of the car was around £20,500. The total amount payable was around £15,743. The duration of the agreement was 48 months. The first repayment was £382.60 followed by 46 payments of £183.60 and an optional final repayment of £8,420.56.

Mr I stated that after completing his Individual Voluntary Arrangement (IVA) in 2023, he discovered that late payment markers continued to appear on his credit file. He believed the account had been settled, however late payments have been reported monthly. Mr I is unhappy as in July 2023, he made a payment to BMWFin to resolve the issue, but his credit file still showed late payments all the way through to May 2025.

Mr I explained that this has caused significant financial loss and prevented him from obtaining a mortgage. He also reported spending considerable time and money attempting to resolve the matter, including making over 50 calls and sending multiple emails, often waiting for hours on hold.

In June 2025, BMWFin wrote to Mr I. In this correspondence they said that an email was sent to him by their collections department on 6 July 2023. They quoted parts of that email which said that on 28 July 2021, they agreed to reduce the charges on Mr I's agreement by 30% which meant that Mr I needed to pay £1,429.89. Since Mr I paid £950, the balance remained at £479.89. Mr I agreed to pay £240 the same day and to pay the balance of £239.89 when he is able to. BMWFin said they confirmed that once the balance was paid, his credit file would have been updated to show as partially settled with a zero balance. BMWFin said they have not heard back from Mr I, so his agreement was moved to a status where they would not actively chase for the remaining balance, however it would still report each month to the credit reference agencies until it was paid off.

BMWFin said they were sending Mr I the required six-monthly statements as there was an outstanding balance. However, they never heard back from Mr I until 8 June 2023 when he raised the query regarding his credit file. They also confirmed that they received the outstanding balance of £239.89 in July 2023, and it was acknowledged via email that his credit file would reflect to show this.

It was only in April 2025 that BMWFin amended Mr I's credit file to show the account as settled with a zero balance, as previously it was showing as partially settled and they continued to report missed payments. BMWFin said that these changes were not successfully applied until 8 April 2025. However, they said they can confirm that, after

review, Mr I's credit file now reflects as settled with no outstanding balance after 2023. BMWFin went on to explain that any markers recorded prior to July 2023 would remain as these are correctly being reported. In that correspondence they offered a payment of £150 for the distress and inconvenience caused, and additionally, a further £100 for the delay in issuing their final response letter to Mr I.

Mr I was unhappy with BMWFin's response, so he brought his complaint to Financial Ombudsman Service (Financial Ombudsman).

Our investigator was of the opinion that, as Mr I's hire purchase agreement was not part of the IVA, BMWFin were required to continue reporting information as per the guidelines. The investigator noted that Mr I made his last payment on the account in July 2023, therefore, it was correct that missed payment markers for the dates prior to that were reflected on Mr I's credit file. Regarding the remainder of the incorrect file reporting and not marking the agreement as settled, the investigator felt that BMWFin have already offered £150 compensation for the distress and inconvenience caused by this and they have agreed to pay a further £100 for the time it took to resolve the complaint. As such the investigator did not think that they needed to take any further action except for making sure that they have removed all adverse information from Mr I's credit file, from July 2023 onwards, from all the credit reference agencies they report information to.

Mr I did not accept the investigator's outcome. So, the complaint has been passed to me to decide.

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 take into account the relevant rules, guidance, the law, and, where appropriate, what would be considered to have been good industry practice at the relevant time.

Mr I acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements.

I have summarised this complaint briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

In addition, in this decision I only focused on the aspects I can look into. Also, I am only looking at the events that have been raised by Mr I with BMWFin, the ones they had an opportunity to address in their correspondence sent to him in June 2025.

From the available evidence I can see that the money owed by Mr I in relation to the hire purchase agreement in question was not included in the IVA that he entered into. I can also see that in July 2021 Mr I paid £240 and that he was informed that a balance of £239.89 still needed to be paid and that until this is paid, his credit report would continue to be affected. Also from the contact notes, I can see that Mr I did not make that payment until July 2023. As such, Mr I owed money to BMWFin, and I think, most likely, he was aware of the consequences of how this would impact his credit file if he did not clear the balance of £239.89. Therefore, it was not unreasonable for BMWFin to keep reporting negative information on his credit file until he settled the balance he owed in July 2023.

I am aware that Mr I feels that BMWFin should, as a goodwill gesture, remove all the adverse information that has been reported on his credit file because of the mistakes BMWFin made after July 2023. However, BMWFin had an obligation to report accurate information to the credit reference agencies, and I have not seen enough to allow me to conclude that, most likely, BMWFin reported incorrect information on Mr I's credit file up until after July 2023.

I considered that BMWFin should have ensured Mr I's credit file has been properly updated after he settled the balance in July 2023, yet they continued to report negative and incorrect information. Mr I said that he was unable to get credit while the information on his credit file was being reported incorrectly and that he incurred a lot of cost for the telephone calls he had to make to BMWFin. As such, I've considered this, but I've not seen enough evidence for me to conclude that BMWFin's reporting of adverse information on Mr I's credit file was most likely the reason for Mr I directly incurring a loss. From the available evidence, I have not seen anything to suggest that the specific adverse information recorded on his credit file was the reason he could not obtain credit. Therefore, I cannot say that, most likely, it is BMWFin's action that directly caused him a financial detriment.

Mr I also feels that the £250 compensation offered by BMWFin is not enough because he feels that it does not properly reflect the amount of distress and inconvenience he was caused. He mentioned that the phone calls he had to make probably themselves amounted to £1,000 and that he had to pay additional interest, however, Mr I has not provided our service with any information to substantiate this financial loss. Overall, I've taken into consideration everything he told us about the impact of BMWFin's mistake on him. Considering everything, I think BMWFin's errors have caused him distress and inconvenience when he was trying to sort these out. However, I feel that BMWFin's offer to pay him a total of £250 fairly reflects the impact their errors had on him.

Also, I understand that BMWFin have removed all adverse information from Mr I's credit file, but, if they have not done so, they should do so as soon as possible, and from all the credit reference agencies they report the information to. This is any adverse, and any incorrect, information they recorded on Mr I's credit file after he settled the balance in July 2023. They should make sure that all credit reference agencies are reporting the correct settlement/closed date as July 2023.

While I sympathise with Mr I for the difficulties that he is experiencing, based on all the information available in this case, I do not think it is fair or reasonable for me to require BMWFin to take any further action regarding his complaint, except for what I mentioned above.

My final decision

My final decision is that I uphold this complaint, and I require BMW Financial Services(GB) Limited to take the following actions:

- Pay Mr I a total of £250 compensation if this has not already been paid;
- Remove any adverse, and any incorrect, information from Mr I's credit file, from all the credit reference agencies they report the information to. This is any adverse, and any incorrect, information they recorded on Mr I's credit file after he settled the balance in July 2023. They should make sure that all credit reference agencies are reporting the correct settlement/closed date as July 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 8 January 2026.

Mike Kozbial
Ombudsman