

The complaint

Mr D complains that it was not explained properly to him that there was a balloon payment at the end if he wanted to own the car, in relation to his hire purchase agreement for a car supplied by BMW FINANCIAL SERVICES (GB) LIMITED trading as ALPHERA Financial Services (“BMW”).

What happened

Mr D entered into a hire purchase agreement for the supply of a car from BMW in June 2023. The agreement included monthly payments for around four years, followed by an optional balloon payment if he wanted to own the car at that point.

In July 2025 Mr D complained to BMW, saying that when he entered the agreement, the balloon payment wasn't clearly explained to him, and he didn't realise that his monthly payments wouldn't lead to him owning the car without making a further large payment.

BMW investigated his complaint and issued their final response letter in July 2025 not upholding it. They said they can see all the paperwork was correct and explained the agreement correctly and was signed, so they couldn't agree it wasn't explained properly.

Unhappy with this, Mr D brought his complaint to our service. An investigator here investigated it and didn't uphold it. They said they couldn't agree there had been a misrepresentation, as all the paperwork clearly explained the agreement and the balloon payment.

Mr D asked for an Ombudsman to make a final decision, saying that the verbal explanations by the dealer hadn't been considered, and couldn't be ignored just on the basis of paperwork. He said he felt that just because something is in the paperwork, it can still be a misrepresentation if it hasn't been explained properly. He didn't feel Section 56 of the Consumer Credit Act had been applied properly, the assessment didn't consider consumer's reasonable expectations as not all costs were communicated clearly, and the financial and practical impact on Mr D hadn't been considered. He also said the FCA principles require firms to ensure good outcomes for customers.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I

consider was good industry practice at the time. Mr D was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

There is very little to add here to the answers Mr D has been given previously. He's talked about Section 56 not being applied correctly, but I would argue that the paperwork shows that the dealership and BMW both ensured he was given all correct information.

Speaking to a dealer, with no record of the conversation, doesn't absolve a consumer from reading the paperwork provided and signed. I've thought about how likely it is that Mr D might have had the agreement explained wrongly to him, or without all the information given to him, and then signed the paperwork provided without reading it. Neither feels very likely.

In this instance, the hire purchase agreement he signed is very clear, on the first page, about there being an "optional final payment". This concept is then explained, also on page one. Page two explains that the car will remain owned by BMW during the agreement and ownership will only switch to Mr D after all payments are made, including the Optional Final Payment.

This agreement is clear. Mr D hasn't said he was told something different by the supplying dealership, just that the optional final payment wasn't explained properly. I'm not persuaded by this argument, or that any issue occurs here with Section 56 of the Consumer Credit Act.

With regards to Mr D's other points, for there to be a misrepresentation here, I'd need to be persuaded that something was told to Mr D which was wrong and persuaded him to enter the contract. Alternatively, that something key, which would have meant he didn't enter the contract, was hidden from him and not explained. This applies to all communications, not just verbal.

Even if there was no mention in the verbal discussions about the optional final payment, it is explicitly clear in the agreement he went on to sign, presumably having read it. I also think it's unlikely that he'd have not been told verbally about the optional final payment to own the vehicle, when the salesperson knew that it was about to be presented to him explicitly in writing in the paperwork he had to sign. I'm not persuaded that this happened here.

Mr D has said that the FCA requires businesses to provide fair and transparent communication and that key financial implications must be made clear before a consumer commits. I am not persuaded that this didn't happen and am satisfied that based on the only evidence available from his meeting at the supplying dealership (the paperwork), all FCA requirements here were met.

Finally, he's said that the FCA's rules require firms to ensure good outcomes for customers, inferring that this hasn't happened in his situation. I'm satisfied that the FCA principle requiring good outcomes to be assured has been adhered to here. Mr D has had very clear paperwork provided, which explains well the agreement he is entering, and there is no evidence he was told anything different verbally.

I'd expect a consumer to read the contract they are signing, and even if they fail to do so at the meeting for some reason, I'd expect them to revisit it shortly afterwards to ensure it matches what they believe was discussed and agreed. It was two years after the car was supplied before Mr D complained that the contract was fundamentally different to what he expected. He hasn't explained why he has come to this conclusion two years down the line, but I'm not persuaded that anything was misrepresented to him when entering this agreement.

I'm satisfied that the FCA's principles requiring firms to ensure good outcomes for consumers have been met. I'm unclear if Mr D is inferring that this principle means the customer must always be right to ensure a good outcome. But the reality is that in his circumstances, it means things have been explained fairly, and clearly, to ensure consumers can understand the contract they are entering into.

I'm sorry if Mr D didn't understand the contract, but I'm satisfied the agreement he signed was clear, the specific point he says wasn't explained was clear and easy to understand in the paperwork, and the contract sets out all the relevant details about the optional final payment to own the car.

I've seen no evidence that he wasn't told this information verbally in the sales process, but even if he wasn't, I still wouldn't be upholding his complaint, as it's been made very clear in the paperwork about the optional final payment, and I'd expect consumer to read a contract before signing it. I won't be asking BMW to do anything more here.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 March 2026.

Paul Cronin
Ombudsman