

The complaint

Mr S complains that BMW FINANCIAL SERVICES (GB) LIMITED (BMWFS) terminated the hire purchase agreement he had with them.

When I refer to what Mr S and/or BMWFS said or did, it should also be taken to include things said or done on their behalf.

What happened

In October 2022, Mr S entered into a hire purchase agreement with BMWFS to acquire a used car first registered in March 2019. The cash price of the car was around £19,600. Mr S made an advance payment of £550. The duration of the agreement was set at 49 months, consisting of first payment of about £347.14, followed by 47 monthly payments of around £347.14, and an optional final repayment £9,010.36.

Mr S said that his finance agreement was terminated without any prior communication or notice. He said he was not informed of any default or termination notice prior to the actions being taken. Mr S said that he had updated his contact details via BMWFS online portal well in advance, but despite this, they claim that important correspondence was sent to his previous address and, he said, they failed to communicate with him via his former or updated email addresses. As such, he feels that he has been treated unfairly.

In summary, Mr S believes that the agreement should be reinstated and an affordable repayment plan should be arranged so that he can bring the account up to date in an orderly and fair manner. He also thinks that all the charges, fees, and interest should be refunded. Mr S also believes that BMWFS should remove any adverse information recorded on his credit file. Plus, he thinks they should pay him compensation for the distress and inconvenience caused.

On 16 July 2025, BMWFS wrote to Mr S and said that, following a review of the agreement, a default notice was issued to Mr S on 11 April 2025 in relation to the outstanding arrears amounting to £871.40. This notice required full payment of the arrears by 1 May 2025 in order to avoid further action under the agreement. As this payment was not received, it led to termination of Mr S's agreement on 5 June 2025, in accordance with its terms.

BMWFS said they understand that Mr S said he did not receive this correspondence by email or post, however, it was his responsibility to ensure his contact details were kept up to date. They said these can be updated at any time through their online portal or by speaking with a member of their customer service department. BMWFS also said that their collections department attempted to contact Mr S via telephone several times in an effort to reach a resolution regarding the arrears, but, unfortunately, no resolution was made. As such they said, the agreement was terminated in line with their processes, and they were unable to uphold Mr S's complaint on this occasion or reverse the termination decision. They said Mr S could pay in full for the car if he wished to retain it, or they would look to recover and sell the car at auction. If any balance remained after the sale, it would be payable by him. BMWFS also said they could look to set up a repayment plan for any remaining balance after the sale, if this was necessary.

Mr S remained unhappy. As such, he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator thought the complaint should not be upheld and felt that BMWFS was not required to take any further action regarding Mr S's complaint.

Mr S disagreed with the investigator. As a result, 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I am very aware I have summarised this complaint very 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 focused on those that are central to me, reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

I am only considering the aspects BMWFS are responsible for, as such, in this decision I only focused on the aspects I can look into. And I am only looking at the events that have been raised by Mr S with BMWFS, the ones they had an opportunity to address in their correspondence sent to him on 16 July 2025.

Mr S's finance agreement states that if he does not keep up his repayments, BMWFS may be entitled to terminate the agreement and to recover possession of the car. From the evidence on file, I can see that Mr S fell into arrears. I do not think BMWFS treated Mr S unfairly when they decided to apply a default and terminate his finance agreement, because Mr S failed to make his payments for some time, allowing significant arrears to accrue. Considering this, I do not think it would have been fair for BMWFS to continue to allow Mr S to get further into debt. I can see that on 11 April 2025, when Mr S's finance agreement was around £871.40 in arrears, BMWFS issued him with a default notice. This notice explained that his account would be terminated if he did not pay the arrears in full before 1 May 2025. As such, I think the correspondence Mr S received from BMWFS gave him enough information to understand that BMWFS could terminate his finance agreement and repossess the car, if he made no payments toward the credit agreement. As no resolution or arrangement was agreed by the date set in the default notice, I do not think it was unreasonable for BMWFS to prevent further arrears to accrue. Overall, I do not think it was unreasonable for them to terminate the agreement when they did, as it would have been unreasonable for BMWFS to allow the arrears to increase indefinitely. In conclusion, I think their decision to terminate the contract when they did was a reasonable one. They also acted in line with the terms and conditions of Mr S's credit agreement.

I know that Mr S said that he did not receive the letters about his arrears sent to him by BMWFS. He told us that he updated his address on their portal, but they were sending the letters to his old address. However, from the available evidence I can see these letters were sent to the address they had on file for him. I can see this address was updated on 6 February 2023 and confirmed during a call Mr S had with BMWFS on 27 February 2023,

when he called to request a change in the payment date. Overall, I have not seen enough evidence to allow me to say that, most likely, Mr S updated his contact details since that date. From the available evidence I can see that BMWFS were sending emails to Mr S, in addition to the letters. Under Mr S's finance agreement, it was his obligation to keep his address updated, so I cannot say that BMWFS had done anything wrong when they sent him the default notice to the address they had on file. As such, I do not think it would be fair for me to hold BMWFS responsible for him not receiving the posted correspondences.

Overall, I sympathise with Mr S for the difficulties that he is experiencing. However, taking all the circumstances of the complaint into account, I do not think Mr S has been treated unfairly by BMWFS. If BMWFS continue to proceed with a Voluntary Surrender or repossession of the car, I would like to remind them to follow the correct process, as outlined in the terms and conditions of the agreement.

My final decision

For the reasons given above, 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 April 2026.

Mike Kozbial
Ombudsman