

The complaint

Mr P complains about the balance BMW FINANCIAL SERVICES (GB) LIMITED trading as BMW Financial Services (who I'll call BMWFS) are asking him to pay on a finance agreement.

What happened

I issued my provisional decision on this complaint earlier this month. An extract from that provisional decision is set out below.

Mr P took receipt of a car in February 2022. He financed the deal through a hire purchase agreement with BMWFS. His parents became ill in September 2022, and he wanted to go back to his homeland to look after them. He contacted BMWFS and asked to return the car. He believed he had an agreement to do so by paying just £45.

The car was collected but after Mr P's parents sadly passed away and he returned to this country in September 2024 he realised BMWFS were holding him accountable for a balance on the agreement.

Mr P complained to BMWFS and they explained the balance was what was owing after the agreement had been Voluntarily Terminated (VT). They noted a quotation for VT had been prepared for Mr P when he called them in September 2022 and that he'd confirmed in writing that he wanted to go ahead. The balance that was now due was £17,845.52 and they didn't think they'd done anything wrong.

Mr P referred his complaint to this service. Our investigator thought BMWFS should also have explained that Mr P was able to Voluntarily Surrender (VS) the car. In those circumstances the car would be sold, and Mr P would still be liable for any balance on the agreement after the proceeds of the sale were credited. He calculated that VS would have been a few hundred pounds cheaper. He suggested that the best way to resolve the dispute would be for BMWFS to recalculate the outstanding balance based on VS at a realised sale value for the car of £22,333.00. If that showed a lower settlement amount than under VT he suggested BMWFS should reduce the amount to pay accordingly. As he didn't think Mr P had been provided with all of the information he needed in order to make an informed decision he said BMWFS should pay him £150 in compensation.

BMWFS didn't agree to that resolution. They said VS was never a contractual right. Mr P didn't agree either, so the complaint has been referred to me, an ombudsman, to make a decision.

What I've provisionally 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.

I was very sorry to hear about the difficulties Mr P has had and I can't begin to understand how difficult things have been for him. I afraid I don't currently agree with the investigator's

view of this complaint and I'm inclined not to uphold it.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I'm persuaded that an agreement was reached to VT the agreement in September 2022. While I understand that Mr P was in a rush to get home and had other things on his mind, I don't think it would be fair to suggest there is enough evidence to say he was told he could exit the agreement by paying £45. I've seen no record of that in BMWFS's file notes and in stark contrast I have seen a copy of the VT quote and of Mr P's written acceptance of that quote. I'm persuaded that there was therefore an agreement to VT and I don't think BMWFS have been unreasonable to pursue Mr P for the balance due under that termination agreement.

The agreement was a regulated hire purchase agreement, and the Consumer Credit Act 1974 (CCA) gives a customer a statutory right to end such an agreement by way of VT under section 99 and 100. Where a customer exercises that right their liability is capped to repaying half of the total amount due under the agreement.

BMWFS didn't discuss VS with Mr P as an alternative way to return his car. I'm not persuaded that was unreasonable.

VS isn't a statutory right and is not defined or regulated by the CCA. It is simply a description used where a customer agrees to return goods outside of the VT framework., leaving an agreement to be brought to an end through termination and enforcement in the usual way. Unlike VT, VS does not cap a customer's liability and exposes them to risk that the proceeds of sale of the car will be insufficient to clear the balance.

Mr P told BMWFS that he wanted to give the car back. In the context of a regulated hire purchase agreement, it was reasonable for BMWFS to understand Mr P wished to end the agreement and limit his ongoing liability. VT is the statutory mechanism for doing so and is generally the most protective for a customer in financial difficulty. I am satisfied it was reasonable for BMWFS to explain and proceed on that basis.

I have also taken into account the potential credit reporting consequences of the different routes. Where an agreement ends by way of VT, it would not ordinarily be recorded as a default provided payments were up to date. By contrast, VS typically occurs in the context of a breakdown of the agreement and the pursuit of the remaining balance, and it will often result in the account being reported as defaulted. That would usually have a more adverse impact on a credit file than a VT.

I've considered that, when calculating retrospectively, the balance arising following VS was lower than the amount payable under VT. However, that outcome depended on the eventual resale price, which could not have been known at the time Mr P spoke to the business. VS carried a real risk that Mr P could have been left significantly worse off than under VT if the vehicle had sold for less. Given Mr P's limited financial means at the time and his limited command of English, I do not consider it would have been fair or proportionate to expect BMWFS to promote a non-statutory and potentially riskier alternative.

Fairness does not, to my mind, require a business to explain every theoretical way in which

an agreement might come to an end, particularly where one option is clearly more protective and better aligned to the customer's stated objective. I am not persuaded that Mr P would reasonably have chosen VS, or that BMWFS's failure to raise it caused him any detriment. Taking all of this into account, I find BMWFS was not unreasonable in proceeding with VT without specifically explaining VS. I'm not expecting to require BMWFS to calculate a hypothetical VS outcome or to provide redress on that basis and as I don't think they did anything wrong, I'm not expecting to order any compensation.

My provisional decision

For the reasons I've set out above, I'm not expecting to uphold this complaint.

The parties' responses to my provisional decision

BMWFS accepted my provisional decision, but Mr P was disappointed by it. He said:

"... I believe that BMWFS have absolutely no right to claim money because I returned the car with the agreement to take it back because I had to take care of my family and I could no longer pay the instalment on it. Regarding the letters they claim to have sent, I have received exactly one letter from them last year in October and since then I have started calling them and sending them emails about what is happening. I looked at their reviews on Google and the reviews were very disappointing because I think it is their practice to do this to people who are not British. I categorically reject any amount to be given to this company. Whatever the decision, I will fight to the end."

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.

While I understand Mr P's strength of feeling I don't think he's provided any information that would lead me to change my provisional decision. I'm only considering the merits of this complaint and Google reviews of other agreements or transactions aren't something I can reasonably consider. I've seen no evidence that BMWFS have discriminated against Mr P and their actions and communication appear reasonable in the circumstances.

As I've not been persuaded to change my provisional decision that now becomes my final decision on this matter.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 February 2026.

Phillip McMahon
Ombudsman