

The complaint

Mr P complains that BMW FINANCIAL SERVICES (GB) LIMITED ('BMWFS') incorrectly reported late payment markers on his credit file.

What happened

Mr P entered into a hire purchase agreement with BMWFS, which ended in 2017. At that time, BMWFS agreed to cease reporting any outstanding balance and to remove all adverse markers from Mr P's credit file. However, it is unclear when or why the agreement was subsequently re-added to Mr P's credit file.

In March 2025, Mr P became aware that BMWFS was reporting a number of missed payments on his credit file, dating back to 2020, and that his credit score had been categorised as very poor.

Mr P complained to BMWFS in March 2025 explaining that the matter was urgent and that he required his credit file to be corrected by no later than 30 March 2025. This was because he was in the process of purchasing a new vehicle and he said he would incur additional costs due to road tax changes taking effect from 1 April 2025.

BMWFS issued its final response in May 2025. It acknowledged that the markers should not have been present and confirmed that it had begun the process of removing them. BMWFS offered £600 compensation to put things right. This was made up of £500 for the distress and inconvenience caused and £100 for the delay in looking into matters. Mr P later confirmed that no adverse markers were reporting on his credit file and was able to successfully enter into a finance agreement in August 2025 to purchase a new car.

Unfortunately, in August 2025 Mr P later reported that BMWFS had again recorded a missed payment marker on his credit file. BMWFS accepted that this was a further error and issued a second final response offering an additional £250 compensation.

Mr P then provided screenshots in October and November 2025 from a credit score application showing further missed payment markers reported by BMWFS. BMWFS disputed that it had reported these missed payments and advised that it had removed the agreement entirely. BMWFS explained that the application Mr P was using may not have displayed up to date information and provided evidence to show that it was no longer reporting the agreement to the credit reference agencies. To verify this, Mr P paid for a premium subscription to check his up-to-date credit file. He confirmed that his credit file was no longer showing any adverse markers.

Our Investigator looked into things and in her view BMWFS needed to do more to put things right. She issued two opinions because BMWFS provided further information for her to consider. But overall, she said the compensation of £850 already offered by BMWFS was fair to reflect the distress and inconvenience the issue had caused. But she said it should also reimburse Mr P £2,250 to cover additional costs Mr P has now incurred as a result of deferring his vehicle purchase and incurring higher road tax costs. And it should pay an additional £900 to cover five years of a credit monitoring service at £14.99 per month to

make ongoing monitoring necessary.

Neither party agreed with our Investigator's findings. Mr P said he should've been awarded a higher amount as suggested in our Investigator's initial view, given the level of distress and inconvenience he's experienced and the overall impact this has had on his health and day to day life. In short, BMWFS said the award was disproportionate.

I issued a provisional decision on 18 February 2025 where I explained my intention to uphold the complaint. I said:

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.

When considering what's fair and reasonable, I'm required to take into account; relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

There is no dispute that BMWFS incorrectly reported late payment markers on Mr P's credit file in March 2025 and September 2025. However, BMWFS maintains that it was not responsible for any further incorrect reporting. BMWFS has confirmed that it deleted the entry entirely from Mr P's credit file in August 2025 as a precautionary measure and provided a screenshot to evidence this. I have seen no persuasive evidence to suggest that BMWFS reported any further incorrect entries beyond the two instances it has acknowledged.

BMWFS has accepted that it made errors on more than one occasion and offered compensation to put matters right. My decision is therefore to determine the impact these errors had on Mr P and whether the total compensation offered by BMWFS is fair and reasonable. Overall, BMWFS has offered £850 in compensation to reflect the distress and inconvenience caused. I agree that the recording of incorrect information on Mr P's credit file would have been upsetting and stressful, particularly given the difficulties he experienced in obtaining finance and his general need to purchase a car.

Mr P has explained in detail the impact this situation had on his mental health and daily life. Based on the evidence provided, I am satisfied that the incorrect reporting delayed his plans to acquire a vehicle, which would understandably have been frustrating and inconvenient. Mr P demonstrated that he was initially declined finance due to his poor credit rating, and that once his credit file was corrected, he was able to proceed with securing finance and purchasing a new car. I am also satisfied that, but for these errors, Mr P's credit score would likely have remained excellent, and I appreciate how distressing it would have been to see this deteriorate unexpectedly. I have further considered that the impact of these errors lasted for several months and occurred on more than one occasion, which would have compounded the stress and inconvenience caused.

Taking all of this into account, I am satisfied that Mr P suffered significant distress and inconvenience as a result of what went wrong. In the circumstances of this complaint, I consider the total compensation of £850 already offered by BMWFS to be fair and reasonable.

Turning to the issue of increased road tax, Mr P has said that, as a direct result of not securing finance in March 2025, he has incurred an additional annual cost of £425 over the duration of his finance agreement. While I understand why Mr P feels this is a loss arising from the delay, I am not persuaded that it is fair or reasonable to require BMWFS to reimburse this cost.

Although changes to road tax rates were introduced from April 2025, I have not been provided with sufficient evidence to demonstrate that the specific vehicle Mr P eventually purchased would necessarily have attracted a lower rate of tax had it been purchased earlier. Moreover, there is no certainty that Mr P would have proceeded with the same vehicle, on the same terms, or even retained that vehicle for the full duration of the finance agreement. There are numerous reasons why a consumer might change vehicles during a finance term, including changes in personal circumstances, financial considerations, or simply personal preference. Given these uncertainties, any calculation of long-term road tax loss is inherently speculative. As such, I consider this alleged loss to be too remote to fairly attribute to BMWFS's errors.

Finally, I have considered Mr P's concern about the possibility of further errors appearing on his credit file and his request for compensation to cover ongoing monitoring. While I fully understand his anxiety given the history of this matter, I note that BMWFS has confirmed it has now deleted the finance agreement entry entirely from Mr P's credit file. This significantly reduces the risk of any further incorrect reporting relating to this account.

In these circumstances, I do not consider it fair or proportionate to require BMWFS to cover the cost of long-term monitoring over a period of several years. However, given the repeated errors and the understandable loss of confidence this has caused, I do think it is reasonable for BMWFS to cover the cost of Mr P's credit file monitoring for a period of 12 months. This in my view strikes a fair balance between providing reassurance to Mr P and reflecting the fact that the underlying cause of the errors has now been fully removed.

Putting things right

I intend to direct BMW FINANCIAL SERVICES (GB) LIMITED to:

- pay Mr P £850 for the distress and inconvenience caused (less any compensation already paid);*
- pay £180 to cover 12 months of the credit monitoring service; and*
- remove all adverse credit file information if not already done so.*

Responses

Mr P didn't agree with my provisional findings. In short, he said the delay in completing the vehicle purchase arose directly as a result of BMWFS's error. That delay prevented him from completing the transaction prior to the increased tax charges coming into force. He also asked for clarification on why the previous opinion recommended a much higher amount of compensation for this issue, yet based on a review of the same evidence, my findings didn't direct BMWFS to reimburse him for this loss.

He also didn't think the amount of compensation was enough to reflect the negative impact this has had on him.

BMWFS also replied. In summary it said, the agreement has been deleted off the credit reference agencies and therefore it wasn't clear why deletion wasn't enough reassurance that the error would not reoccur. It asked for clarification on whether the amount recommended for the subscription fee was based on previous payments Mr P had made, or was it being asked to provide the funds in good faith on the understanding the cost will cover monthly fees.

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.

I've thought about what both parties have said, and I see no reason to deviate from my provisional findings. I'll explain why.

Our Investigator responded directly to Mr P and explained why her initial view was to recommend reimbursement of the road tax charges, based on the information available at the time.

For clarity, I would reiterate her explanation. Before the view was issued; there was no evidence of the vehicle Mr P ultimately acquired. However, Mr P later confirmed the details of the vehicle he purchased and, as our Investigator explained, it would not have met the criteria for a higher road tax rate.

I understand that Mr P believes the compensation should be increased to reflect the distress and inconvenience he experienced. I have carefully considered this point and, while I appreciate the stress and uncertainty the situation would have caused, I am satisfied – for the reasons already outlined in my provisional findings that £850 represents a fair and reasonable amount.

BMWFS has requested clarification and has stated it does not typically award compensation for 'peace of mind' alone. BMWFS has acknowledged that several errors were made and Mr P had previously been assured that no further markers would be recorded. However, additional errors did occur.

It is correct that there is no annual subscription. The recommendation award of £180 was a rounded figure intended to reflect 12 months of subscription costs, calculated at £14.99 per month. This amount is intended to cover a 12-month period following resolution of the complaint and I do not consider it necessary to require Mr P to provide proof of subscription.

Putting things right

I've been provided with no new evidence to change my view. Therefore, BMW FINANCIAL SERVICES (GB) LIMITED should:

- pay Mr P £850 for the distress and inconvenience caused (less any compensation already paid);
- pay £180 to cover 12 months of the credit monitoring service; and
- remove all adverse credit file information if not already done so.

My final decision

My final decision is that I uphold this complaint and direct BMW FINANCIAL SERVICES (GB) LIMITED to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 April 2026.

Rajvinder Pnaiser

Ombudsman