

complaint

Mr S complains that BMW Financial Services (GB) Limited mishandled a hire purchase agreement for a motorcycle.

background

Mr S paid a deposit or advance payment. He agreed to pay monthly instalments of about £67 for about two years. At the end of that term he had the option to make a balloon payment of about £8,000 to buy the bike. He complained that BMW wouldn't let him make over-payments of the monthly instalments so as to reduce the balloon payment.

The investigator didn't recommend that the complaint should be upheld. She thought that BMW was right not to allow Mr S to make overpayments towards the balloon payment. She said that the terms of the agreement specifically excluded this.

Mr S disagrees with the investigator's opinion. He says, in summary, that it didn't take into account his rights under current consumer legislation.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The agreement said that Mr S could make early repayment of all or part of the credit.

Mr S has sent us a statement with words to the same effect.

And in late April 2017, BMW offered to accept a part payment and to reduce the monthly instalments.

But the agreement didn't just say that Mr S could make early repayment of all or part of the credit. It qualified that by stating clearly on the front page of the agreement that the balloon payment could only be paid in full – not in part.

So it was clear that Mr S couldn't make overpayments of the monthly instalments so as to reduce the balloon payment.

BMW has given an explanation of its reasons for this.

But the key point is that I'm satisfied that BMW acted in line with the agreement by refusing to accept overpayments towards the balloon payment.

I'm satisfied that that's in line with the consumer credit legislation and in particular the regulations about early repayment.

I don't find it fair and reasonable to order BMW to accept part payments of the balloon payment – or to do anything further in response to Mr S's complaint.

my final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I make no order against BMW Financial Services (GB) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 November 2017.

Christopher Gilbert
ombudsman