

The complaint

Mrs R complains about the quality of a new electric car acquired through a hire agreement (HA) with Motability Operations Limited (MO).

Mrs R's unhappy about the time taken for the fault to be fixed and about the additional costs incurred from being provided a petrol hire car whilst the repair took place.

What happened

In May 2023, Mrs R acquired a new car through a HA with MO. Mrs R was the hirer of the car on the agreement, acting as the appointee for a disabled person which in this case is her daughter. The car in question was for the benefit of her daughter and to be driven by her support workers. As the hirer on the agreement and for simplicity, I'll refer primarily to Mrs R throughout my decision.

An initial advance of £1,599.00 was paid at the start of the agreement which had a minimum hire term of 39 rental instalments, payable every four weeks. The instalments were to be paid directly from Mrs R's daughter's disability allowance.

Within 24 hours of the car being collected a warning light triggered and Mrs R found the battery failed to sufficiently charge. The car was booked in for diagnostics, which established a new battery and electric vehicle system were required. Since the point of supply, the faults identified were the subject of a recall issued by the manufacturer.

As the repair couldn't be completed on site at the dealership and was likely to take some time, a hire vehicle was provided however the only suitable option was a petrol fuelled car. Mrs R was unhappy as she said this cost considerably more to run than the electric car.

Unhappy with her communication with the manufacturer, Mrs R raised a complaint with MO in June 2023. Advised by the manufacturer they first had the right to repair the car, Mrs R was unhappy with the estimated wait time and told MO she wanted to discuss her right to reject the car or have it replaced.

MO said Mrs R could reject the car, but she'd need to come out of the hire car and whilst she could retain the hire car should she opt for a replacement, there would be a lengthy wait for a new order to be fulfilled.

MO told Mrs R once her complaint concluded, they'd be willing to make a large contribution towards the fuel costs of running the hire car in addition to offering her a good will gesture (GWG). Mrs R agreed to proceed with the repair.

In August 2023, MO initially advised Mrs R a new battery for the car would not be available until late October 2023, but this date passed without further update from the manufacturer.

In November 2023, Mrs R asked MO to identify and check the availability of suitable replacement cars should she be able to place a new order. A list of vehicles was sent to Mrs R however it was limited due to the charging range required, and Mrs R discounted some

options due to her experience with the current car.

Mid-December 2023, Mrs R was advised the car would be repaired and back ready for collection early the following month. MO offered Mrs R a payment of £1,100 towards both the additional fuel costs she'd incurred and as a GWG, which she said she'd think about.

Just before Mrs R was due to collect the car, MO advised her the delivery slot had been missed, and the manufacturer was unable to confirm when delivery would be rearranged. Disappointed, Mrs R asked MO to increase their offer of compensation.

Around a week later the car was returned and after the dealership tested the car was charging correctly, it was returned to Mrs R. Due to the additional delays, MO increased their compensation offer to £1,250. MO also agreed to cover a fuel charge of £121.06 levied by the hire company, incurred when the hire car was returned without a full tank of petrol.

MO responded to Mrs R's complaint in February 2024 confirming they'd arranged the compensation payment previously discussed. They also addressed Mrs R's concerns about the cars charging capability – she said it was only charging to approximately 80% of the manufacturer's stated 300-mile maximum range.

MO said although Mrs R planned to monitor the car's range performance, they gave her the option to reject the car and receive a full refund of the advance payment. As this meant being without the current car while a new order was being supplied, alternatively, MO said they could look into an early cancellation of the agreement which would allow Mrs R to retain the current car while awaiting a new order.

Mrs R remained unhappy, so she referred her complaint to the Financial Ombudsman Service. She said £1,250 does not even cover the additional running costs, nor does it adequately recognise the impact the issues have had.

One of our Investigators looked into things and upheld the complaint. Having not heard from MO, our Investigator initially said they should refund the additional fuel costs adding interest to the amount refunded, pay an additional £100 compensation and remove any adverse data added in relation to the agreement.

MO disagreed with our Investigator saying while it's not their normal policy to reimburse customers fuel costs, they'd already made a payment of £1,250 towards those costs and to recognise the distress and inconvenience the situation had caused. They also said they'd provided Mrs R with the option to reject the car or voluntarily end the agreement – but at the time Mrs R wanted the opportunity to see if the charging range issue had been fixed. The information provided by MO also confirmed they'd agreed to pay the £121.06 fuel charge to the rental car company, so Mrs R did not have to.

Our Investigator looked at things again and while he still upheld the complaint, he said MO had already sufficiently compensated for the additional fuel costs incurred due to the hire car, but still felt they should pay an additional £100 to recognise the distress and inconvenience caused and that they should remove any adverse information recorded.

Both Mrs R and MO disagreed with our Investigators view.

Mrs R said she doesn't feel £100 reflects the distress and inconvenience caused or the time spent dealing with the matter. Mrs R also said despite asking several times for the hire car documentation, she never received it so was unaware the car had to be returned with a full tank of fuel, nor was she aware it had been as she didn't personally return the car.

MO said they were under no obligation to provide customers with hire vehicles of the same fuel type and remained of the opinion the compensation they'd already paid was fair, so didn't think they needed to pay anymore. MO also confirmed no adverse information has been recorded in relation to the agreement. Mrs R has been advised of this.

As neither party accepted our Investigators opinion, this case has come 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.

Having done so, I'm upholding this complaint and for much the same reasoning as our Investigator. I'll explain why.

First, as this complaint concerns the quality of goods, in this case a car, supplied through a regulated HA Mrs R entered into, I'm satisfied this is a complaint we can consider.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The Consumer Rights Act 2015 is relevant to this complaint. It says that under a contract to supply goods, there is a statutory right for the goods to be of satisfactory quality.

To be considered satisfactory, the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all other relevant factors.

Here, Mrs R entered into an agreement for a new car, so I'm satisfied a reasonable person would expect the level of quality to be of a high standard, the car to be free from defects and functioning correctly.

MO have acknowledged the car wasn't of satisfactory quality when it was supplied. This isn't in dispute. A charging fault was identified immediately, and the issue was later the subject of a recall by the manufacturer.

The CRA says a consumer has the right to repair before the final right to reject. It also explains consumers have the short term right to reject within 30 days of supply if the car is deemed to be of unsatisfactory quality within that time. Here it's clear this was the case, but I'm satisfied for the reasons I've explained Mrs R agreed to the initial repair, as such pausing her short term right to reject the car until the repair was completed.

However, the CRA also says that a supplier should carry out the repairs or provide a replacement within a reasonable timeframe and without significant inconvenience to the consumer. It's clear from MO's contact notes it was established within a month that the repair was going to take some time. The scale of the issue meant there would be a delay on the parts required to complete the fix.

In June 2023, I can see Mrs R asked to reject the car, which she was entitled to do, but by doing so she would've had to return the hire car and there would've been a lengthy wait for a new order to be fulfilled. So, I can understand why this option wasn't ideal. MO told Mrs R they would make a large contribution towards the fuel costs of the petrol hire car provided and offer her a GWG when the complaint concluded, so I'm satisfied she agreed to proceed with the repair at this stage.

As delays to the repair lengthened, Mrs R went on to enquire about the availability of new cars on a few occasions, however while I can see she was provided at least once with a list

of potential options, it appears no suitable option was identified, and no further action was taken prior to the complaint being concluded.

Upon return of the car, Mrs R has continued to experience dissatisfaction with the battery range the car was achieving. As I've explained, MO have since given Mrs R the option to reject the vehicle or cancel the agreement, so I won't be making a finding on the range issue in this decision.

Mrs R told MO she would be monitoring the car for range performance, and they've confirmed a cancellation of the agreement was agreed between them and Mrs R in April 2024, but a new order has not since been placed and the current agreement is still live.

So, in summary, I'm satisfied the car wasn't of satisfactory quality when supplied and I don't think either the repairs to the car were completed within a reasonable timescale, nor was MO's ability to provide a replacement car. That said, Mrs R has since been provided the right to either reject the car or proceed with the early cancellation of the agreement, should that better suit her needs. As such I'm satisfied MO have acted fairly here.

But it's clear to me the delays to completing the repairs caused Mrs R both distress and inconvenience. And Mrs R has provided fuel receipts to show that over the period the hire car was provided, £1,622.21 was spent on fuel. In comparison, she says to charge the electric car would have cost approximately £264 for the same usage.

I want to thank Mrs R for the detailed evidence she's provided regarding the fuel costs. I can assure her I've thought carefully about those figures when reaching this decision, but I've also kept in mind the electric costs provided are based on the car being charged solely at Mrs R's home which I can't be certain would always have been possible for her to do. I also can't be sure the similar efforts were made to mitigate costs by fuelling the hire case at the most competitive locations, as the fuel prices fluctuate by some margin. In summary, I find the figures Mrs R has provided are unlikely to be exact.

So, I've taken a broader approach when considering what I think MO need to do to put things right here, considering the impact that supplying a car of unsatisfactory quality has had both financially and otherwise in the whole.

I've also considered if Mrs R should be entitled to a refund of any payments made towards the agreement. But here, a hire car was supplied throughout the whole duration of the repair so I wouldn't consider that fair in the circumstances of this case.

MO say they had no obligation to provide a hire car of the same fuel type as the one being repaired. In addition, MO's contact notes show an attempt was made in August 2023 to supply a fully electric hire car but as the vehicle wasn't suitable, Mrs R opted to remain in the petrol car initially supplied.

However, it's also clear MO told Mrs R from as early as June 2023 they'd make a large contribution towards the fuel costs of the hire car and a GWG upon concluding the case, so I'm satisfied in the circumstances of this case it's fair and reasonable for them to do that.

It's clear to me Mrs R was caused significant distress and inconvenience as a result of the faulty car. The difficulties in finding a suitable replacement, a suitable hire car and the agreed cancellation not being progressed satisfy me a lot of thought went into choosing the right model only to be without it for a long period of time.

Mrs R waited nine months for the original order to be fulfilled and had the car less than 24 hours before it became clear a fault was present. In addition, while I understand MO had

limited options to expedite the repair or provision of a replacement car, Mrs R was without the car supplied through the agreement for around eight months, a timeframe clearly unreasonable after taking delivery of a brand-new car.

MO paid Mrs R £1,250 which is a significant amount. In addition, they paid a fuel charge to the hire company of £121.06 due to the car being returned without a full tank of fuel.

I've thought about Mrs R's testimony that she was never provided the terms and conditions of the hire car despite having asked for them multiple times. But I can't fairly hold MO responsible for a third party failing to provide Mrs R paperwork, nor can I say it was MO's responsibility to pay the charge that they did. So, I've taken this amount into consideration when looking at what I think MO should do to put things right.

Overall, having considered all the information available to me, on balance, in addition to paying the fuel charge I'm satisfied £1,350 is both fair and reasonable to compensate for the additional costs incurred and for the distress and inconvenience that being supplied with a car of unsatisfactory quality went on to cause. So I think MO should pay Mrs R an additional £100.

Putting things right

For the reasons I've explained, my decision is to uphold Mrs R's complaint.

To put things right Motability Operations Limited should pay Mrs R an additional £100 compensation for the distress and inconvenience caused.

My final decision

My final decision is that this complaint should be upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 19 June 2025.

Sean Pyke-Milne
Ombudsman