

The complaint

Mr E complains that Motability Operations Limited has terminated the hire agreement under which a car was supplied to him.

What happened

A new car was supplied to Mr E under a hire agreement with Motability Operations that he electronically signed in May 2022. The hire term was for a minimum period of three years. Motability Operations wrote to Mr E in August 2024 to say that it was terminating the hire agreement because he was in breach of the terms and conditions of the agreement as the car had been seized by the police earlier that month for uninsured driving.

Mr E complained to Motability Operations about the termination of the hire agreement but it said that, whilst it was sympathetic and understood the decisions that had been made, it had made the decision to terminate the agreement based on uninsured driving which was a breach of its terms and conditions.

Mr E wasn't satisfied with its response and complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She said that the evidence showed that Motability Operations had acted in accordance with the terms and conditions of the hire agreement so she wasn't persuaded that it had acted unfairly by terminating Mr E's agreement.

Mr E didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says that it's unfair that he's been banned from getting a car with Motability Operations for three years as he didn't allow his friend to drive the car, just to sit in it, and his friend has been fined and is dealing with police.

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.

Mr E says that he gave his housemate the keys to the car to allow him to listen to some music, which he'd done many times before, because the walls in their house are thin. He says that his housemate received a distressed call from a friend, panicked, and drove the car to collect his friend. Motability Operations says that the police confirmed to it that the car had been driven uninsured so was seized and that the police provided it with a different version of events that led to the stop and seizure of the car than the version that had been provided to it by Mr E.

Motability Operation's account notes show that it received an email from the police which said:

"The vehicle concerned ... has pulled out ... which caught my attention as there is a pub ... and a bar ... and it being a Sunday night I paid close attention to vehicle in case it was a drink driver. When following the vehicle it displayed a poor manner of

driver. An example of this was poor reaction time and randomly breaking. As we were following the vehicle it took a sudden right as if to avoid us as a result ... I stopped the vehicle. Here the driver stated he was "just dropping his friend home". The driver gave false [particulars] giving the surname of the owner. As he was not the registered keeper he called the owner on scene whom confirmed his details and the company he was insured with. The only concern he highlighted to me was him asking me where the car would be taken to".

I don't consider that the circumstances described by the police are different to the circumstances that Mr E has described. He says that he gave his housemate the keys to the car to allow him to listen to some music, and that when his housemate received a distressed call from a friend, he panicked and drove the car to collect his friend. There doesn't seem to be any dispute that Mr E's housemate was driving the car but Mr E says that he didn't allow his friend to drive the car. Motability Operations' account notes show that it was told by the insurer of the car that Mr E had let a friend sit in the car on their own, but that person then was confronted by some other people, and drove off. The notes show that about 28 minutes later Motability Operations spoke with Mr E and he said that his housemate had asked if he could sit in the car for privacy and he'd made it clear that the car shouldn't be driven as the housemate wasn't insured but the housemate received a call from a distressed friend who had been approached by some youths, the housemate was very concerned given the then current social disruption so opted to drive to the friend's location to get him to a safe place, but the car was pulled over by police and seized.

The hire agreement says:

"You must ensure that the Vehicle or Replacement Vehicle is used properly and only for the purpose for which it was designed. You must ensure that the Vehicle or Replacement Vehicle is not used for any unlawful or immoral purpose or in contravention of any legal requirement. The Vehicle or Replacement Vehicle may only be driven by Drivers and may only be used by or for the benefit of the Disabled Person. It is your responsibility to ensure that any Driver is aware of the restrictions around the use of the Vehicle. We reserve the right to install a vehicle telematics device in the Vehicle to track the location and use of the Vehicle and to monitor Driver behaviour, but we will always discuss this with you first".

Whether or not Mr E allowed his housemate to drive the car, I don't consider that Mr E giving his housemate the keys to the car to allow him to listen to some music in the car would reasonably be considered to be using the car for the purpose for which it was designed so I consider that Mr E had breached the hire agreement. I also consider that it was that breach of the agreement that led to the car being driven by an uninsured driver and being seized by the police. The hire agreement also says:

"We may terminate this Agreement by providing you with notice if at any time: you do not comply with any of your main obligations under this Agreement, or if you or any Driver have given to us, the Accident Manager or our insurer information which is materially misleading or false".

As Mr E had breached the hire agreement, he hadn't complied with his obligations under the agreement so I consider that Motability Operations was entitled to terminate the agreement. Motability Operations also said that, following the termination of the hire agreement, if Mr E wished to re-join the scheme again in the future, a request must be made in writing to its customer relations team but it was highly unlikely to consider a request to re-join the scheme for at least three years from the date of termination of the agreement.

Mr E says that it's unfair that he's been banned from getting a car with Motability Operations for three years as he didn't allow his friend to drive the car, just to sit in it, and his friend has been fined and is dealing with police. I appreciate that the termination of the hire agreement and the issues with re-joining the scheme will feel unfair to Mr E, but I'm not persuaded that there's enough evidence to show that Motability Operations has acted incorrectly in its dealings with Mr E. I find that it wouldn't be fair or reasonable in these circumstances for me to require Motability Operations to reinstate Mr E's hire agreement, to allow him to re-join the scheme, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 July 2025.

Jarrold Hastings
Ombudsman