

The complaint

Mr W complains that Motability Operations Limited trading as Motability Operations (“MOL”) failed to properly recompense him for a faulty car.

What happened

In July 2023 Mr W acquired an adapted car funded by a hire agreement with MOL. The car cost £39,730 and Mr W paid £7,278 with the balance coming from MOL. His payment comprised £4,245 contribution to the cost, £783 for disability adaptations and £2,250 for extras. He had been given a charitable grant towards the car of £3,828.

In July 2024 Mr W encountered an intermittent problem with the car which prevented it from starting. It was taken back to the dealer and then it was referred to another dealer. The manufacturer also got involved. An independent report confirmed there was a battery issue. These examinations and attempts to repair took many months.

MOL assisted Mr W by providing a courtesy car and paid for a taxi account so he could remain mobile. Mr W has explained the hire car was smaller and he was unable to use it with his larger mobility scooter so it was of limited value.

In December 2024 MOL agreed that the vehicle agreement could be terminated because of mechanical reasons and it would refund his full advance payment of £1,200 along with £1,055 as a contribution towards the optional extras and to cover the distress and inconvenience. Our investigator has established that only £1,200 of the advance payment was met personally by Mr W and the rest came from the charity. Mr W didn't consider this to be sufficient and brought a complaint to this service.

It was considered by one of our investigators who recommended it be upheld. He concluded the car wasn't of a satisfactory quality and he believed Mr W was entitled to redress. He noted that the courtesy car had been of limited use to Mr W so he believed a refund of 75% of the payments for 192 days. He also considered that Mr W should be paid 40% of the £1,200 due to the term of the hire being reduced and 40% back for the extras, given the courtesy car was not like for like. These two sums total £1,380, but as MOL had already paid Mr W £2,255 the sum of £875 should be deducted from the overall redress. He added that a further £300 should be paid for distress and inconvenience.

Mr W felt the compensation should be greater and he also felt the contribution from the charity should not be excluded in calculating the redress. MOL didn't agree and said the fault appeared after a year so it didn't accept the car was faulty at inception. It believed Mr W chose to end the agreement. It also said it wasn't obliged to provide a like for like courtesy car and the monthly payments it received didn't cover the cost. It had provided the car as a gesture of goodwill. It added that the extras Mr W purchased were a matter between him and the dealer though it had refunded 50% of the cost. Our investigator was not persuaded to change his view and so the matter has been referred to me.

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 want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Mr W that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Having reviewed the material submitted by both parties and the argument they have put forward I have concluded that the redress proposed by our investigator is fair and reasonable. I will explain why.

I was surprised to note that MOL felt the car was of an acceptable quality at inception and so it was not obliged to take it back. It said that Mr W had chosen to take out a new agreement. However, I note in the final response letter it said that the vehicle agreement could be terminated due to mechanical reasons. That suggests that MOL recognised there was a fault at that time.

The Consumer Rights Act 2015 is relevant to this complaint. This says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable, taking into account things such as the age and mileage of the car and the price paid. The legislation says that the quality of the goods includes their general state and condition, and other things like fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

The car Mr W acquired was new and so one would expect it to function properly for more than a year. Having a car which cannot be relied on to start and to provide the mobility functions Mr W requires after a year does not indicate the car was of a satisfactory quality. It is clear that this is a fundamental fault which two garages and the manufacturer struggled to address. Therefore, I consider it only reasonable that Mr W be allowed to reject the car.

That leads me on to the issue of redress. This situation is slightly different from most purchases and there are various factors which have to be taken into account. I appreciate the effort made by MOL to keep Mr W mobile, but the courtesy car was of limited use to him due to his mobility needs. So, I consider it only fair that he be required to pay only part of the monthly payments while he did not have access to suitable car.

The advance payments were made up of a sum covered by a charity specifically for the car and a personal contribution from Mr W. I do not think that Mr W should benefit from a refund of a payment made by a third party. I appreciate Mr W may not qualify for another grant for a replacement car, but that does not mean that he is entitled to a partial refund for payments he did not make. I also note that Mr W was aware of this when he decided to end the agreement.

As for the extras Mr W purchased they were part of the overall package and should not be ignored in any redress. MOL has already offered to cover 50% of the cost and I think our investigator's suggestion of 40% is reasonable in the circumstances.

I appreciate Mr W has experience of other compensation regimes and feels that the sum of £300 is insufficient, but I have to operate within the guidelines set out by this service. I consider the sum is £300 is fair and proportionate.

Overall, I consider the proposed package is fair to both parties taking into account the circumstances and the various factors leading to the challenges Mr W has had to face.

Putting things right

MOL should:

- end the agreement with nothing further to pay;
- collect the car (if this has not been done already) at no further cost to Mr W;
- pay a 75% refund of rentals for 192 days as directed in my findings above to cover the impaired use provided by the courtesy car because of the inherent quality issues;
- pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- pay a further amount of £300 for any distress or inconvenience that's been caused due to the faulty goods;
- reduce the total amount payable to Mr W by £875 to reflect the additional advance payment refunds over and above our service's expectations already proposed to Mr W;
- remove any adverse information from Mr W's credit file in relation to the agreement.

My final decision

MY final decision is that I uphold this complaint and I direct Motability Operations Limited trading as Motability Operations to take the car back and pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 24 October 2025.

Ivor Graham
Ombudsman