

The complaint

Mr K complains about the quality of the car supplied to him by Motability Operations Limited ("MO").

What happened

The facts of this case are broadly agreed upon by both parties now, but I will outline the basics again. Mr K took out a hire agreement with MO in July 2023 to hire a new car over a period of 36 months.

He has suffered mechanical issues with the car, and without going into all the details, these have been largely electrical faults, causing things like parking sensors to be faulty, incorrect tyre pressure warnings, and the infotainment screen to go blank intermittently.

After an investigation, MO issued an FRL in May 2024 upholding his complaint. They said they would end his agreement and refund his advanced payment of £300 when he applied for a replacement vehicle. They also said they would pay him £400 to recognise the distress and inconvenience caused by the problems.

Mr K didn't accept this and brought his complaint to our service. He asked for them to provide a replacement car on his existing agreement, and said it wasn't fair that the grant amount available to him towards the advanced payment, which comes from a linked Foundation, was now considerably lower for a new application. He'd originally received £2099 from the Foundation, but on checking for a new application, he said this would now only be £799. He didn't feel this was fair, and said he was losing out because of his faulty car.

An investigator here investigated the case, and upheld in Mr K's favour, saying that MO should make up the difference in the shortfall of the grant he was now being offered, to put him back in the position he was in previously. MO didn't agree with this however and explained that the grant from the foundation is from an entirely separate organisation and is separate to MO's agreement. They said it isn't in their control, and it would not be fair to expect them to make up the difference here. They asked for an Ombudsman to make a final decision on the case, so it has been passed to me.

I didn't agree with the investigator's outcome and issued a provisional decision on 16 May 2025. This said:

"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've reached a different conclusion to the investigator, for reasons I will explain below. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr K was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MO are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

All parties have accepted that the car is not of satisfactory quality, and I agree with this. The car was new when supplied, and a consumer has the right to expect a new car to be broadly free from faults for a reasonable amount of time. It's clear the car had some electrical faults, and I am glad to see MO accepted this and looked to put things right for Mr K.

They made an offer which he didn't accept, so I've thought about whether their offer was fair or not. Mr K asked if they could provide a replacement car. This is a potential remedy under the CRA, but difficult to do with cars. It may feel like another new car would be a fair replacement, but that would actually put Mr K in an improved situation with another new vehicle rather than his existing used car. A replacement car would need to be one of similar age and mileage, and it is usually very difficult for a business to find and supply a like for like replacement. For these reasons, when dealing with car quality complaints, we would rarely say this was a reasonable resolution, as it's too difficult for the business to do this, and sometimes impossible.

Instead, MO offered to end the agreement, refund the part of the advanced deposit Mr K had paid, and pay him £400 for the distress and inconvenience caused to him. Mr K looked at what his options would be to then get a new car, and said that if he applied to MO again, he was only being offered a much-reduced grant, so didn't feel this was fair.

Whilst I completely understand his viewpoint on this, he isn't entitled to the difference between the grants payable. This was not money he paid and grants available can change at any time. Whatever the reason is that his agreement is ending, he must re-apply for the grant and see what is offered to him. MO has no control over this amount, so can't be held liable or responsible for any changes I'm afraid.

MO have said that they supported Mr K with a replacement vehicle while his car was being investigated, and they arranged for an independent inspection which confirmed the problems. They agreed to waive his cancellation fee for the agreement, as I would expect, and agreed to refund him his £300 advance payment, as well as to refund the £2099 advanced payment to the foundation for their part of the advanced payment. They also offered to recognise his distress and inconvenience with a £400 payment.

They said that while the foundation decides independently on the grants available, they will usually consider where he's applying for a second time because of mechanical issues with his previous car.

This feels fair, and I don't think it would be fair to expect MO to do anything further in this case. On that basis, my provisional decision is that MO have made a fair offer to Mr K, and don't need to do any more.

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 K came back to us after this provisional decision to say he felt this wasn't fair. He understands it but says its only because the car is faulty that he can't get the same grant now that he needs a replacement car, and he is therefore minded to keep this car despite its faults. He asked if he could still receive the £400 payment for distress and inconvenience if he didn't want to change the car, as he felt he would have to not accept my final decision to keep the car.

I've thought about this, and it doesn't change my mind about the outcome to the case. I have empathy for Mr K, but I also recognise that it wouldn't be fair for MO to have to pay him the lost part of his grant. It's unfortunate that the car has had some issues, but it isn't either parties fault that has happened, it's just unfortunate circumstances. So, I must be as fair as I can to both parties in resolving things.

I would encourage Mr K to reach out and discuss things with MO. They have said to us that they believe the foundation would recognise where he is having to apply again sooner than expected due to mechanical issues, and I don't know if this has been considered yet. So, I'd expect MO can provide him details here, and if appropriate, support him to do this.

Alongside this, if he does decide to keep the existing car, it will be up to MO about the payment for £400 for the distress and inconvenience. I can't make a finding that they need to pay him this money, because what I'm saying is that the overall offer MO made to resolve his complaint was fair. That means that my decision is to not uphold this complaint, as the offer made by MO originally to resolve it was a fair one. But I do feel that it would be fair for them to agree a compromise of sorts with him, and I hope they can do this.

I'd hope a compromise can be reached here, and as I say, it is also possible, according to MO, that he may still be able to get a better grant if he does decide to terminate the agreement. My decision is that the offer made by MO to resolve this complaint is fair, and I'm not asking them to do anything more, but I hope an outcome both parties are happy with can be reached between them.

My final decision

I'm not upholding the complaint, as I am satisfied the offer to resolve things made by MO is fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 July 2025.

Paul Cronin
Ombudsman