

The complaint

Mr C complains about how Motability Operations Limited (“MO”) handled his request for help when he realised the car supplied to him under a hire agreement wasn’t suitable.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In October 2023, Mr C entered into a hire agreement for a new electric car with MO. The agreement was set for an initial period of three years.

In February 2024 Mr C contacted MO as he wasn’t getting the range he expected out of the car. He said it wasn’t suitable for his family’s needs and was preventing them from taking planned trips and hospital appointments.

In March 2024 Mr C told MO he wanted to end the agreement, as he would be applying for a new car through the scheme. MO agreed that the agreement could be terminated and told Mr C he had to pay £250 to end the agreement early, as per the terms and conditions of the agreement.

There continued to be conversations over the next two months between Mr C and MO, as he was unhappy paying the termination fee. He also told MO that the new car he’d applied for was going to take 12 months before it was available. MO explained to Mr C that it didn’t control the supply of cars, so couldn’t assist him with this.

Mr C continued to be unhappy with the termination fee. In August 2024 MO agreed to refund the £250 fee to him and pay him £200 compensation to recognise the impact having a car that wasn’t suitable had had on him.

Mr C wasn’t happy with this and brought his complaint to our service. Our investigator felt MO should have done more to support Mr C. He asked MO to refund 20% of Mr C’s monthly payments from July 2024 until the new car was supplied to Mr C. He also asked MO to pay an additional £400 compensation to Mr C and arrange to keep him informed monthly in regard to the progress of the new car Mr C had arranged.

MO didn’t accept this. They said they hadn’t agreed a replacement car for Mr C – that process isn’t anything to do with the hire agreement provided by MO. They said they’d acted fairly by waiving the termination fee and paying Mr C £200 compensation.

As MO didn’t agree, it was passed to me to decide. I issued my provisional decision on 13 June 2025. It said:

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

When considering what is fair and reasonable, I’m required to take into account: relevant law

and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire agreement entered by Mr C is a regulated consumer credit agreement this service is able to consider complaints relating to it.

Our investigator has suggested that MO should have done more to help Mr C while he was waiting for his new car to be available. But I think it's worth explaining how MO's involvement in this is considered by me.

Their responsibility here is in relation to the hire agreement for the car that Mr C said was unsuitable to him. MO don't have any liability or responsibility in the application Mr C made to the scheme to assess his eligibility for the new car – nor do they have any responsibility for how long it may be before the new car selected by Mr C became available. There is another entity responsible for that which isn't party to this complaint. Both of those things fall outside of the hire agreement provided by MO in this case for the car supplied in October 2023 – and are therefore not something I will be considering in this decision. My thinking might be different if the hire agreement for the new car was in place before Mr C was told it would be some time before it became available – but that isn't the case here.

As I'm only looking at how MO handled Mr C's request to terminate his agreement early for the unsuitable car, I'm planning to say that I'm satisfied they've acted reasonably. They agreed to waive and refund Mr C the £250 termination fee, which is payable as per the terms and conditions supplied to Mr C as part of the agreement, and MO have also paid Mr C £200 to recognise the impact the unsuitability of the car had on him and his family.

I'm satisfied this is a reasonable amount. There's no doubt Mr C has been impacted by the range on the car he was supplied with in October 2023 – but this car wasn't suggested to him by MO, and I haven't seen anything to suggest the car had a fault or was misrepresented at the point of supply. So, it follows that I'm satisfied their compensation payment as a gesture of goodwill is enough to show how seriously they treat their customers and how they appreciate the inconvenience Mr C has been caused.

Our investigator has suggested MO should reduce Mr C's monthly payments by 20% to reflect the impaired use he might have had of the car while he waited for the new one to be available. Whilst I understand why this has been considered, Mr C didn't have to keep the car. He made the decision to – which is absolutely his choice. But he also had the option to hand the car back, end the agreement and have any scheme mobility allowance reinstated which might have allowed him to source other means to ensure his and his family's mobility needs were met. I accept it's possible that there might not have been another car available that would work better for him and his family. But that doesn't mean I think MO should refund him a percentage of the monthly payments he made while he continued to have use of the car. I understand Mr C was supplied with his new car under the scheme in December 2024, but as he made the choice to continue with the car specified in this agreement until that time, I don't think it's reasonable to ask MO to reduce his monthly payments for the time period our investigator has suggested.

I appreciate this decision might come as a disappointment to Mr C, as our investigator has suggested he should receive more from MO. But, as I'm satisfied their total payment of £450 to Mr C is reasonable, I'm not planning to ask MO to do anything more here.'

Mr C responded. He said he agreed to take the car based on the information on the scheme website, and it was only taking delivery of the car after a 12 month wait, and using it for a short while, that he realised the mileage range wasn't what he expected, and the car was going to be unsuitable for his and his family's needs. He also mentioned how long he had to wait for his new car to be made available to him.

Mr C has also mentioned he's now having problems with the new car he's been supplied with, and the waiting times for a replacement.

I've explained in separate communication to both parties that MO aren't responsible for any antecedent negotiations about the car that Mr C and the scheme had. MO have supplied him with a hire agreement, and Section 56 of the Consumer Credit Act 1974 doesn't apply in this case.

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 see no reason to depart from the findings in my provisional decision. The provisional decision explained why MO weren't responsible for the time Mr C had to wait for the new car to be supplied to him – a different entity is responsible for that – and I'm not going to comment on that further in this final decision.

Mr C has been in contact again to say he's experienced issues with the new car he received from the scheme, and he has another long wait time for a suitable car to be available to him. They aren't matters that are to do with this complaint, so I haven't considered those aspects as part of this decision. Mr C will need to take any new concerns to MO or the entities responsible for the supply and availability of cars under the scheme.

My decision is that MO don't need to do anything more here in relation to this complaint.

My final decision

For the reasons above, I'm not asking Motability Operations Limited to do anything more to settle the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 July 2025.

Kevin Parmenter
Ombudsman