

The complaint

Mr P is unhappy that Motability Operations Limited trading as Motability (MOL) terminated his contract after the car supplied to him under a hire agreement was seized by the police.

What happened

In November 2023 Mr P was supplied with a new car through a hire agreement with MOL. He paid an advance rental payment of £2,299 and the agreement was for *“39 Rental instalments of Total Allowance payable at four weekly intervals (each a Rental Period) commencing on 22/11/2023”*.

Mr P is unhappy that MOL terminated his agreement after the car was seized by the police. He said that he was away on holiday when the car was seized. He said the car was taken without his consent and it should not have been seized.

He also said it was unreasonable for MOL to insist that he pay a charge to return the car, and not fair that they applied a two year sanction preventing him using the Motability scheme.

He said the number plate on the car had an incorrect digit, and this had previously led to him receiving a parking ticket. He said this was also the reason the car was seized.

MOL said the police towed the vehicle and they terminated the agreement because it had been seized. They said this was in breach of the agreement. They said the police hadn't said the seizure was unlawful or incorrect. So they informed Mr P they were terminating the agreement, with a two year sanction. They also issued an invoice to Mr P informing him that he owed £741 for the storage and recovery of the car.

They said the incorrect digit on the number plate was not the reason the car was seized and the agreement was terminated.

They also said that the agreement was breached as it was used not for the benefit of Mr P.

They said they were aware Mr P was away on holiday at the time, but it was his responsibility to ensure the car was used in line with the terms of the agreement, and the law.

They said they applied a reduced sanction as Mr P claimed he was unaware of the situation as he was on holiday at the time.

Mr P was unhappy with this response, so he referred his complaint to our service for investigation. Our investigator said the cause of the car being seized was the incorrect registration number. So he felt it unfair that Mr P was liable for the charge to recover the car.

He said he felt it was reasonable for MOL to terminate the agreement and apply the sanction so didn't uphold this part of Mr P's complaint.

Mr P didn't agree with the investigator. He said the sanction was unfair as he was out of the country when the car was driven by someone else without his permission. He said he wanted MOL to pay him £1,000 and remove the sanction so that he could get another car under the scheme.

Because Mr P didn't agree, this matter was passed to me to make a final decision.

I issued a provisional decision on 10 June 2025, where I explained my intention to not uphold the complaint. In that decision I said:

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 P was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The issue I'm considering here is whether or not MOL's actions were fair and reasonable, and in line with the terms of the conditions of the agreement Mr P entered into.

MOL terminated the agreement after the car it supplied to Mr P was seized by the police. It is not within my remit or powers to make a finding on the actions of the police. I acknowledge that Mr P disputes the information provided by the police. I need to consider whether or not MOL acted fairly and reasonable when it received the information it received from all parties.

Section 11 of the "Vehicle Contract Hire Agreement Terms and Conditions" explains where MOL may terminate the agreement because of a breach of the terms.

Term 11.1.5 says MOL may terminate the agreement "if the Vehicle or any goods of yours are seized". There's no dispute that the car was seized by the police so I think it was reasonable that MOL applied the terms and terminated the agreement.

But Mr P says it's unfair. He said he was out of the country, and can't see how he was supposed to prevent someone taking the car for a joyride. I disagree. The contract he entered into clearly states the car was for use for his benefit only. Mr P questions how he was supposed to stop it being taken when he wasn't present.

The police told MOL that the person driving the car was known to Mr P, and known to stay at his home address. I can see that MOL carefully considered the information it received from the police, and from Mr P. They considered that the person driving the car was an associate of Mr P. So I think it reasonable that they reached the conclusion that the car was more likely than not used in breach of the contract. It was Mr P's responsibility to ensure the car was used within the limits of the agreement, and he accepted that responsibility when he entered into the agreement.

Mr P said that the car was seized because the car was supplied with the wrong registration number. I don't know why the car was supplied to Mr P with the wrong registration number. It appears that the number plate had one digit different from the actual vehicle registration number.

But I'm not persuaded that is why the car was seized. The police told MOL they were initially concerned by the driving style they'd observed. They then checked the records, and because of the wrong registration number, made further enquiries. They contacted Mr P who told them he hadn't given anyone permission to drive the car. The police said they seized the car as they believed it may be stolen. So the incorrect registration number was not the reason the car was seized.

So I remain satisfied that it was fair and reasonable for MOL to terminate the agreement due to the agreement being breached by reason of the car being seized in breach of term 11.1.5. Not because it was supplied with the wrong registration number showing on the number plate.

Mr P is also unhappy that MOL applied a two year sanction, preventing him entering into a new agreement for two years. That is a commercial decision for MOL. But I am satisfied they acted fairly and in line with their policy. That's because they could've imposed a longer sanction, but it appears to me that they considered all of the circumstances and imposed a shorter sanction. I haven't seen anything that indicates that Mr P has been treated differently to other customers, or unfairly or unreasonably.

Mr P is unhappy that MOL are pursuing him for the £741 charge for the recovery of the car. The terms of the agreement, specifically term 11.5.5 state:

“you will also be responsible for any reasonable costs and expenses incurred by us in relation to recovery ...”

I've explained above why I'm satisfied the agreement was terminated because the terms had been breached. The term above specifically allows MOL to claim costs in these circumstances. So I think it's reasonable for MOL to pursue him for the £741 charge they had to pay for the return of the vehicle.

I appreciate Mr P will be disappointed in my decision. I accept that the car had the wrong registration number, but I've explained why I'm satisfied that's not the reason why it was seized, and why MOL terminated the agreement. So I'm persuaded that MOL in the circumstances of this case have acted fairly and reasonably. So I won't be asking them to take any further action.

Responses

Mr P disagreed with my provisional decision. He said the police report stated the car was seized due to the wrong number plate. He also acknowledged that someone was caught driving the car, but said he couldn't help it if someone else took the car keys.

MOL accepted my decision.

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've carefully considered Mr P's response to my provisional decision. I've reviewed the information MOL received from the police. It states that the officers “*went to get the vehicle recovered as stolen*”. It also states that “*officers had the vehicle recovered as they believed it was being used without insurance*”.

Whilst the incorrect number plate may have triggered the police officer's checks, I'm satisfied it was not the reason the car was seized. Additionally, I note that Mr P said he first became aware of the incorrect number plate when he received a parking ticket in November 2023. So even if this was the reason the car was seized, I'd be inclined to say he had more than 12 months to resolve this with the supplying dealer.

Mr P also said the car was taken without his permission so it wasn't his fault. I addressed this in my provisional decision – it was his responsibility to ensure the car wasn't used by others. And in the absence of any new information, I'm still persuaded that MOL reasonably applied the terms when it terminated the agreement.

Mr P has asked if MOL would consider reducing the sanction. I explained why I felt the sanction applied was reasonable. Any further reduction would be a decision for them to make, and I understand our investigator has put that request to MOL.

I appreciate this is upsetting for Mr P. But I see no compelling reason why I shouldn't now adopt my provisional view as my final decision.

That means MOL don't need to take any further action to resolve this complaint.

My final decision

For the reasons explained, I don't uphold Mr P's complaint about Motability Operations Limited trading as Motability Operations.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 July 2025.

Gordon Ramsay
Ombudsman