

The complaint

Miss M complains that Motability Operations Limited has terminated the hire agreement under which a car was supplied to her. She's being represented in her complaint by her daughter.

What happened

A new car was supplied to Miss M under a hire agreement with Motability Operations that was dated in April 2021. The minimum hire period was three years, Miss M made an advance rental payment of £3,999 and agreed to make 39 rental instalments of the total allowance payable at four weekly intervals.

Motability Operations terminated the hire agreement in May 2025 because the car had been seized by the police and Miss M was in breach of the terms and conditions of her agreement. Miss M's daughter complained to Motability Operations about the termination, but it said that the insured driver had been arrested due to dangerous driving and failing to stop and the car was seized, which was a contractual breach.

A complaint was then made to this service. It was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that Motability Operations received notification in May 2025 that the car had been seized because it had been involved in an unlawful incident, and a reference number was given. He thought that Motability Operations had acted fairly in the termination of the agreement based on the car being seized.

Miss M hasn't accepted the investigator's recommendation and her daughter has asked for an ombudsman to make a decision on this complaint. She says that the car was removed by the police, not seized, and they are different actions with different definitions.

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.

Motability Operations was contacted in May 2025 because the car had been used in a criminal act and the driver had been arrested for dangerous driving and failing to stop for the police. Motability Operations said that a formal warning would be issued and that the named driver would be removed from the policy. Motability Operations' notes for Miss M's account show that her daughter then confirmed to it that the car had been seized by the police and that the police confirmed that the car had been seized and provided it with a reference number, so Motability Operations issued a termination notice to Miss M because she was in breach of the agreement. It said that it was highly unlikely to consider a request from Miss M to re-join the scheme for at least four years from the date of termination of her hire agreement, but it has since reduced that from four to two years.

The terms and conditions of the hire agreement say:

"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*
- ... the Vehicle or Replacement Vehicle or any goods of yours are seized or threatened to be seized or made subject to a court order, whether or not it subsequently proves to have been unlawful".*

Miss M's daughter has provided a copy of the notification of the removal of the car from the police which says that the car was damaged in a collision and removed by the police using statutory powers. She says that the car was removed, not seized, by the police and they are different actions with different definitions.

Motability Operations says that the car was removed for legitimate reasons to safeguard its retention and its understanding is that seizure refers to the removal of a vehicle by an authority, regardless of whether a formal seizure notice was issued. It says that it exercises its discretion to assess the broader circumstances, and that its main considerations were that: Miss M had reportedly given consent for the driver to use the car throughout the day of the incident; it's unclear at what point, if any, that consent was revoked; the car was involved in a police chase, which presents significant reputational and risk concerns; and the evidence provided doesn't sufficiently demonstrate that Miss M was an innocent victim of a crime.

I consider it to be clear from its account notes that Motability Operations had been told that the car had been seized, so it terminated the agreement in accordance with the terms and conditions. Miss M's daughter says that the car was removed from the pound to which it had been taken and was then taken to an auction house from where she collected the belongings from the car in May 2025, but she has no more information regarding the car since then.

I'm not persuaded that there's enough evidence to show that Motability Operations acted incorrectly when it terminated the hire agreement because the car had been seized. Even if I'm wrong about that, and it shouldn't have terminated the agreement for that reason, I consider that it would have been entitled to terminate the agreement because Miss M hadn't complied with her main obligations under the hire agreement.

The terms and conditions say:

"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".

As Motability Operations was contacted in May 2025 because the car had been used in a criminal act and the driver had been arrested for dangerous driving and failing to stop for the police, I consider that it had been used in contravention of a legal requirement and that Miss M hadn't complied with her main obligations under the hire agreement.

I'm not persuaded that there's enough evidence to show that Motability Operations acted unfairly or unreasonably when it terminated Miss M's hire agreement in these circumstances or by saying that it was highly unlikely to consider a request from Miss M to re-join the scheme for at least two years from the date of termination of her hire agreement. Miss M said in her complaint form that she'd like Motability Operations to lift the suspension and for her to be able to rejoin the scheme. I've carefully considered all that Miss M and her daughter have said and provided about this complaint, but I find that it wouldn't be fair or

reasonable in these circumstances for me to require Motability Operations to remove the suspension or to take any other action in response to Miss M's complaint.

My final decision

My decision is that I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 17 December 2025.

Jarrod Hastings
Ombudsman