

The complaint

Mr W has complained about Motability Operations Limited (Motability) terminating his hire agreement and saying he can't apply for a new one for two years.

What happened

The parties are familiar with the background details of this complaint – so, I'll only briefly summarise them here. It reflects my role of resolving disputes quickly with minimum formality.

In January 2024, Mr W acquired a vehicle from Motability under a contract hire agreement with it. As part of the agreement, Mr W paid an advanced rental payment of £2,799. During the three-year minimum hire term, Mr W also agreed to cover 39 rental instalments at four weekly intervals.

In January 2025, Motability was notified by the Police that they had seized Mr W's vehicle. Motability tried to get in contact with Mr W to find out what had happened and notified him of their intention to terminate the agreement. The Police let Motability know Mr W's vehicle had been seized because they needed to carry out a forensic examination because they suspected it had been involved in serious criminal activity. Motability was able to speak to Mr W in February 2025, where they let him know they needed evidence to support he wasn't involved.

Motability terminated the agreement on 2 April 2025 as they hadn't received any information which they thought meant they shouldn't do so. Motability paid Mr W a pro rata advanced payment refund (of £1,705.48) on 10 April 2025. Motability also said Mr W couldn't loan another vehicle from them for a period of four years. Mr W complained to Motability saying they'd acted unfairly when terminating the agreement. Mr W also believed it was unfair for Motability to maintain the sanction given the Police had informed him he was the victim of crime.

Motability responded to Mr W's complaint by saying the Police first let them know on 14 April 2025 that they'd now listed Mr W as a victim of crime – which was after the agreement had been terminated. Motability also said the Police had informed them that the vehicle had been correctly and lawfully seized. Motability pointed out that a clause in the agreement said it could terminate the agreement if the vehicle was seized, irrespective of whether it comprised of a lawful or unlawful seizure. Motability also said that due to the serious nature of the circumstances that led to the seizure they had fairly applied a four-year sanction on Mr W – where it wouldn't accept him back as a customer during that time.

Unhappy with Motability's response, Mr W asked the Financial Ombudsman to consider the matter. Mr W also raised concerns about potential data breaches between the Police and Motability and how Motability had treated him, including providing him with some inaccurate and misleading information.

Following our involvement, Motability said they were willing to reduce the sanction period from four to two years – until 14 February 2027.

Our Investigator didn't uphold the complaint. In summary they:

- didn't believe Motability had acted unfairly when terminating the agreement. The Investigator considered this was fair given the terms of the agreement allowed for Motability to do so if the vehicle was seized for any reason.
- thought it was reasonable for Motability to apply a two-year sanction given the contradictory information Motability had received and due to Mr W's vehicle being involved, to some extent, in serious criminal activity.
- agreed that Motability had cited some incorrect dates, but they didn't think this had any impact on the outcome.

Mr W didn't agree with the Investigator's findings. Mr W also raised some additional issues, saying he believed the Police was having private calls with Motability, which he thought was unprofessional. Mr W also believed the terms of the agreement were unfair and it was unfair for Motability to hold him liable for the monthly rental payments for the period he didn't have use of the vehicle.

The Investigator responded to Mr W to explain the Financial Ombudsman is unable to investigate the conduct of the Police. They also said Motability was unable to terminate the agreement until the Police had confirmed they were happy to release the vehicle – thereby allowing Motability to arrange its collection. So, they thought it was reasonable for Motability to have continued to charge Mr W.

As Mr W remained unhappy with the outcome, he asked for an Ombudsman to make a final decision. So, the complaint has come to me to decide.

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 W has made several detailed points in his complaint. I've considered everything he's said. But in my decision, I don't intend to refer to everything or address every point made. I mean no discourtesy by this, instead I will focus on what I see as being the key outstanding points following the Investigator's outcome, and the reasons for making my decision.

Mr W acquired the vehicle under a regulated consumer hire agreement. The Financial Ombudsman is able to consider complaints relating to these sorts of regulated consumer hire agreements.

Termination of agreement

Mr W has queried whether the terms of the hire agreement relating to the conditions where Motability can terminate it are fair. The contract comprises of a regulated agreement under the Consumer Credit Act 1974. The policy wording says under:

Term 11.1 '*We may terminate the Agreement by providing you with written notice if at any time.*'

Term 11.1.5 *'the Vehicle or any goods of yours are seized or threatened to be seized or made subject to court order, whether or not it subsequently proves to have been unlawful.'*

I think it's fair to say the above terms clearly set out under what conditions Motability became entitled to terminate the agreement. And I'm mindful Mr W agreed to these terms when signing the agreement. Potentially, if the seizure was a mistake, then this may lead to unfairness in the agreement being terminated. But I can see why Motability wanted to rely on the term to terminate at the point it did given what it knew at the time.

It's not in dispute that the vehicle was seized. The Police has confirmed the vehicle was correctly and lawfully seized. The Police has also explained to Motability what led them to seize the vehicle and what they found afterwards.

Motability was made aware by the Police that Mr W's vehicle had been seized because it had been involved to some extent in serious criminal activity. I don't think it was unreasonable for Motability to have relied on this information. It led to Motability first notifying Mr W of their intention to terminate the agreement in January 2025.

Before they proceeded to terminate the agreement Motability wanted to know a bit more from Mr W and the Police about what had led to Mr W's vehicle being seized. This seems fair given the seriousness of the intelligence it had received. Motability gave Mr W the opportunity to tell them his version of events, saying they were looking for evidence to support he hadn't been involved in the identified criminal activity. Mr W responded to Motability by saying he hadn't been involved in any criminal activity - he merely drove someone to hospital following them saying they'd suffered a sporting injury and needed medical help.

However, the Police later informed Motability they believed Mr W was a known associate of the person who had sustained injuries resulting from the criminal activity and who Mr W had driven to hospital in his damaged vehicle. The Police also made Motability aware the forensic examination had found items of concern inside Mr W's vehicle, and it supported the smashed rear window and some other damage Mr W's vehicle had sustained was likely caused due to criminal activity. So, I appreciate why Motability continued to have concerns about what had led to the seizure of Mr W's vehicle and I think it was reasonable for Motability to have asked Mr W for more information and evidence to support his version of events.

Mr W says it was unfair for Motability to terminate the agreement given the Police had told him that he was a victim of crime. But of importance here, is that the timeline of events appears to show Motability only became aware of this information after the agreement had been terminated. And in any event, it's my understanding that even had Motability been aware of the Police saying Mr W was a victim of crime, they may still have proceeded to terminate the agreement.

I'm satisfied the terms of the agreement meant Motability had contractual grounds to terminate it at the point they did. If the vehicle seizure had happened due to a clear mistake, I might have found the decision to terminate unfair, but this isn't the case here, based on what Motability knew at the time. In all the circumstances, I don't think Motability's decision to terminate was unfair.

Based on what I've seen, I don't believe Motability caused an undue delay in them terminating the agreement or acted unfairly when requiring Mr W to continue to pay the rental amounts that became due before the agreement was terminated. I say this because it took time for the Police to complete their forensic examination of Mr W's vehicle and decide they no longer needed to keep hold of it. I appreciate this meant Mr W was unable to drive

the vehicle during this period and potentially, Motability could have done more to help Mr W keep mobile. But it wasn't Motability's fault Mr W's vehicle was seized.

I think it's fair to say Motability was proactive in their attempts to establish the facts. And given the seriousness of what they'd been told, I think it was fair for Motability to want to establish the facts before they did anything more. So, in the circumstances, I think it was reasonable for Motability to require Mr W to cover any unpaid rental payments that became due prior to the agreement's termination.

Motability has provided evidence to show they made a pro rata refund of the advanced rental payment to Mr W soon after the agreement was terminated. I've not seen anything which would lead me to conclude this was calculated incorrectly. I'm also mindful Mr W hasn't disputed the amount he received back, so this isn't something I've needed to decide on as part of this decision.

Sanction

Motability has guidelines which set out when they'll apply a sanction that prevents someone from hiring a vehicle from them. I accept it's for Motability to ultimately decide who they'll hire a vehicle to and on what basis – this comprises of a commercial decision Motability is entitled to make. But I'd expect any sanction decision to be fair and reasonable given the individual circumstances and to be in line with Motability's sanction guidance.

Mr W says he had no involvement in the damage his vehicle sustained or what the Police later found inside. Motability is also aware the Police has said Mr W was a victim of crime. It's my understanding this was the reason why Motability decided to reduce the sanction from four to two years.

To help me decide if the sanction Motability has applied is fair, I've reviewed the sanction guidance Motability has provided. Having done so, I think, on balance, a two-year sanction is in line with the guidance. I'll explain why.

When applying the sanction, it's my understanding Motability took into account the fact Mr W's vehicle had suffered damage which wasn't reported to them by Mr W until after the vehicle had been seized and the forensic examination supported that damage and other things found inside the vehicle likely resulted from the vehicle having been involved to some extent in serious criminal activity. Motability also noted Mr W made no mention to them of him knowing the person he drove to the hospital despite the Police saying he was a known associate. So, I think it was reasonable for Motability to have concerns about some of the conflicting information they'd received.

I also haven't seen anything to suggest Motability has treated Mr W any differently to how they would treat any of their other customers.

In the circumstances, I think, on balance, Motability acted fairly and reasonably when applying a two-year sanction. That said, if Motability is made aware, potentially by Mr W, of any further developments from the Police or other authorities, then I'd expect Motability to reconsider their position and look to see if any changes should be made to the remaining sanction period.

The Police

The Investigator made Mr W aware that the Financial Ombudsman is unable to look into the Conduct of the Police. If Mr W is concerned about what the Police may have disclosed to Motability and/or how they conducted their investigation, including the seizure of his vehicle, then this is something Mr W will need to take up with the appropriate body that handles such matters.

How Motability handled the matter

Mr W has raised several concerns about how Motability handled the matter.

Motability has accepted they did, on occasion, provide Mr W with some inaccurate dates. However, for much the same reasons the Investigator explained in her findings, I don't believe this failing had any impact on the outcome. Nor do I think it had any material impact on Mr W. And I note Motability has apologised to Mr W for this failing.

Overall, I consider Motability treated Mr W fairly and progressed the matter without undue delay.

Conclusion

For the reasons I've explained above, I consider Motability acted fairly when terminating the agreement and when applying a two-year sanction. So, I don't require Motability to take any further action in relation to this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 February 2026.

Carl Bibby
Ombudsman