

The complaint

Mr J complains about the quality of a car that was supplied through a hire agreement with Motability Operations Limited (MOL).

Mr J has been represented on this complaint. But to keep things simple I'll only refer to Mr J in my decision.

What happened

In March 2023, Mr J acquired a new car through a hire agreement with MOL. Mr J was due to make 39 rental instalments of £254.

Mr J complained that after approximately a year of use, the car developed faults with the horn and electrical systems. Despite taking the vehicle to the garage, Mr J said he was informed that parts were unavailable and would be ordered, but six months later, the repairs had still not been completed. During this time, Mr J said he continued to be charged monthly payments for a car he could not use.

Further attempts to repair the vehicle revealed additional unresolved faults, leading to Mr J's loss of confidence in it. And although he was provided with a courtesy vehicle, Mr J said he wasn't comfortable using it in case it was also faulty. Due to the ongoing issues with the car, Mr J was advised to choose a replacement vehicle, and after agreeing to pay a deposit of £999 towards it, he was later informed the deposit had increased to £1,400, causing him further financial and emotional distress.

In April 2025, MOL issued their final response to Mr J's complaint. In summary, it acknowledged the faults with Mr J's car and the delays with the repairs which resulted in Mr J losing faith in the car. It confirmed the original agreement was cancelled and a new vehicle was delivered under a new agreement. It acknowledged there was a payment increase for the initial deposit which the dealership made a contribution towards.

To resolve matters MOL made a payment of £150 in compensation for the issues Mr J experienced.

Unhappy with their decision, Mr J brought his complaint to our service where it was passed to one of our Investigators to look into.

As part of their file submission, MOL confirmed the dealership made an error with the new vehicle order which resulted in a £400 increase to the initial deposit. They confirmed the dealership contributed £200 towards this. They also confirmed they waived the cancellation fee for the original agreement as a gesture of goodwill.

Mr J wrote to the Investigator to express the impact the whole situation has had on his personal and professional life and his mental health.

In August 2025, the Investigator issued their view and concluded that MOL hadn't acted fairly in relation to the compensation they offered Mr J. The Investigator recommended that MOL increase their compensation payment to £300 in total.

Mr J didn't accept the Investigator's view and said that he didn't consider £150 additional compensation was enough to recognise the impact on him.

MOL also didn't accept the Investigator's view and responded to say they believed they acted fairly throughout with the information they had. However, as the Investigator's view remained unchanged, the complaint has been referred to an ombudsman for a final 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr J complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr J's complaint about MOL. MOL is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

In this instance, it's not disputed there was a problem with Mr J's initial car, nor that this fault was present when the car was supplied to him. As such, I'm satisfied that I don't need to consider whether that car was of satisfactory quality. MOL have already cancelled that agreement and provided Mr J with a new vehicle. MOL have also compensated Mr J £150 for the inconvenience caused.

However, Mr J has remained unhappy with what he's had to pay towards the new agreement as a deposit. Mr J was initially dissatisfied with the Investigator's view but later accepted that he should be paid the compensation.

In the circumstances, I'll focus my decision on what I think MOL should do, if anything, to put things right.

The Investigator addressed Mr J's request to have some of his repayments refunded as he didn't have use of the car for around five months., however, I'm of the same opinion as the Investigator that Mr J had use of a courtesy car at no extra cost and so was kept mobile. I don't think it's reasonable to hold MOL responsible for Mr J's unwillingness to drive it. The main thing here and most reasonable action in the circumstances was to ensure he was kept mobile in a reasonably similar vehicle that he was able to make use of. I'm satisfied from the evidence provided, that this was the case.

I've considered that Mr J was supported to enter into a new agreement having the cancellation fee waived, which I think was reasonable for MOL to do. I don't think it's unreasonable that the financial terms of the new agreement would differ to the previous one. The vehicle may have been of a similar model, but the vehicle itself was around two years newer. It's not unusual that an advanced rental would be due, and I've considered that Mr J

was given a choice to enter into it and decide to make the additional payment for it. So, I don't think MOL acted unfairly here.

Mr J said an error on the side of the dealership meant he had to pay an additional £400. However, I'm aware the dealership made a contribution of £200 towards this. I'm in agreement with the Investigator that Mr J may decide to raise this concern with the dealership separately, about their delays with processing his vehicle application.

Overall, from the evidence provided I'm satisfied in the most part with what MOL has done to resolve things, however in consideration of the impact all of this has had on Mr J, I think an increase of £150 to what they've already offered is reasonable in the circumstances.

I acknowledge Mr J felt this amount was inadequate and sighted the impact on his condition as something that was exacerbated by MOL's actions. However, I have to consider that MOL is entitled to work on the basis of the information they have about Mr J unless they've been made aware of anything different. For example, MOL said they weren't notified about Mr J's unwillingness to drive the courtesy car, and they also said they didn't receive specific details of Mr J's medical condition. So, I'm not persuaded MOL treated Mr J unfairly despite having the awareness of how difficult things could be for him.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct Motability Operations Limited to:

- Pay Mr J an additional £150 in compensation to what they've already offered

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

Benjamin John
Ombudsman