

The complaint

The estate of Mr R complain that Motability Operations Limited (who I'll call "MO") won't pay a good condition payment.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr R entered into a hire agreement with MO in February 2023. Sadly, he passed away in April 2025. Following his death, the estate of Mr R returned the vehicle to MO and requested that a good condition payment be made to the estate.

MO explained that the payment was discretionary and that one of the rules they consistently applied when deciding whether to make that payment was whether the lease had been completed. As it hadn't been they explained they were unable to make the payment.

The estate of Mr R referred the complaint to this service, but our investigator didn't think MO had been unreasonable to apply their rules to the discretionary payment and didn't recommend they do so.

The estate of Mr R disagreed, and they asked for a final decision by an ombudsman.

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.

At the outset, I would like to express my sincere condolences to the estate on Mr R's passing, and I appreciate that pursuing this complaint may have been difficult and distressing. I know it will disappoint the estate, but I am not able to uphold this complaint.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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.

The late Mr R acquired his car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

MO have explained that they build a small amount into the cost of each lease as a form of guarantee and that at its discretion, it returns this to consumers who meet five eligibility criteria. One of those criteria is that the lease needs to have been completed before a good condition payment can be made. The details are set out on MO's website.

As the car was returned before the lease was completed and as the payment isn't a contractual one but a discretionary payment, I can't say MO were unreasonable to refuse to pay it. There was no contractual term that dictated a payment should be made, no internal policy that allowed a payment to be made if a consumer passed away and couldn't continue the term, and they would naturally want to be consistent in the application of their policy as they'd want to apply it fairly to their customer base. As the good condition payment was funded through a small increase in the lease, MO would not have received the funding required to pay it when the lease was terminated 15 months into a 36-month term so, again, I don't think their position is unreasonable.

I'm not therefore persuaded that MO have been unfair and I'm not asking them to take any action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr R to accept or reject my decision before 19 February 2026.

Phillip McMahon
Ombudsman