

## **The complaint**

Ms A complains that Motability Operations Limited (Motability) unfairly terminated a hire agreement and recovered a car it had supplied.

This complaint was referred to this service on Ms A's behalf by a representative. For ease, I've only referred to Ms A throughout this decision.

## **What happened**

In February 2025, Ms A entered a car hire agreement as part of the Motability scheme. She was supplied with a new car which was adapted for her family's needs. Three days after the car was supplied, Motability received notification that it had been seized by the police – as it was driven without due care by an uninsured driver.

Motability contacted Ms A. She said the car had been taken by a family member without her consent, and that it had now been returned. Motability asked for a crime reference number to show that the car had been stolen, which she provided shortly after. However, the police couldn't confirm it was a valid reference for the theft of the car.

Motability sent a default notice outlining that Ms A was in breach of the scheme's terms. Specifically, it said she was required to comply with the terms of the scheme's insurance provider – who required any thefts to be reported to the police and for a crime reference number to be obtained. It also said it was entitled to give notice to terminate the agreement if the car is seized at any point.

Ms A said she'd done everything possible to obtain a reference, and that the police had now resolved the situation with her family member. It was confirmed that the driver had been charged with driving without due care and with no valid insurance – but that Ms A hadn't asked that they be charged with the theft of the car. Ms A said she was reluctant to pursue her family member for the theft – as doing so would have significant consequences for them. Ms A provided another crime reference but Motability said it couldn't allow the agreement to continue, as it had given Ms A multiple chances to demonstrate that the car had been stolen but she hadn't been able to.

In April 2025 Motability issued a termination notice, and recovered the car shortly after. It said because there was a breach of the agreement terms, Ms A wouldn't be eligible to reapply for the scheme for two years (reduced from four years) – but that it could reconsider this if she could show that the theft of the car had been pursued and prosecuted in future.

A complaint was referred to this service. One of our Investigators considered the complaint but didn't uphold it. They were satisfied Motability had acted within the terms of the agreement. Ms A didn't accept the Investigator's conclusions. She said the car was essential for her, as it was adapted to meet the needs of a disabled relative. She said Motability had left her in an impossible situation by requiring her to pursue another family member for the theft if she wanted to keep the car. She asked that the complaint be referred to an Ombudsman for a final decision. So, it's been passed 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.

I'm aware I've summarised Ms A's complaint in less detail than she has. I'd like to assure both parties that I've carefully considered all of the information they've provided. If I haven't specifically commented on something, it's not because I haven't considered it – but because I didn't find it necessary to comment on to reach a fair outcome. This isn't intended as a discourtesy to either party and simply reflects the informal nature of my role.

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. Ms A was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

I'd first like to say how sorry I was to hear of the difficult circumstances that led to Ms A's complaint. It's clear she relied heavily on the car and that the decision to recover it had a significant impact on her. I've considered all of the available evidence to decide whether Motability made an error or otherwise treated Ms A unfairly.

I've looked at the terms of the agreement. These require Ms A to comply with the scheme's insurance cover in the event of loss or damage to the car. One of the requirements of that policy is that any theft of the car must be reported to the police – and that a crime reference number must be obtained. The agreement also required Ms A to ensure that the car wasn't used unlawfully or in breach of any legal requirement.

Section 11 of the hire agreement outlines that Motability can give notice to terminate it in certain circumstances, including the following:

*"11.1.1 you do not comply with any of your main obligations under this Agreement (...); or (...)*

*11.1.5 the vehicle or any goods of yours are seized or threatened to be seized or made subject by a court order, whether or not it subsequently proves to have been unlawful"*

In this case, it's not disputed that the car was seized by the police. While Ms A says the car was taken without her consent, I can understand why Motability would have been concerned that it had been driven by an uninsured driver and without due care. I've seen documents showing that the offenses were upheld in court. I don't think it's unreasonable for Motability to be worried that the car was being driven unlawfully – especially as it had been seized within a few days of it being supplied to Ms A. Based on the information it received from the police, I think Motability had reasonable grounds to terminate the agreement. Before it did, Motability gave Ms A an opportunity to show that the car had been reported stolen – and that she hadn't allowed it to be driven unlawfully – which I find fair.

I understand the information Motability asked for left Ms A in a difficult situation – and that she felt she was being asked to choose between losing the car or prosecuting a family member. But the car was ultimately Motability's property – and Ms A accepted the agreement terms which required her to ensure it was used lawfully. Given that the car was seized almost immediately after it was supplied, I don't find it unreasonable that Motability would require persuasive evidence to show that what happened was outside of Ms A's control and that the car was taken without her consent.

Motability allowed Ms A roughly six weeks to provide evidence. I understand Ms A's representative was out of the country at the time – and that they had difficulty liaising with the police. Ms A did eventually provide a crime reference – which she says included a statement saying the car was taken without her consent. But she also said she hadn't separately pursued the theft with the police after giving that statement – and I haven't seen evidence to persuade me otherwise. Ms A says she wasn't aware that she needed to separately report the theft of the car – but I'm satisfied Motability made it clear from the start that it needed evidence to show the car was reported stolen.

When it was confirmed that the theft of the car wasn't being pursued by Ms A, I find it fair that Motability decided to proceed with terminating the agreement. And as I've outlined, the fact the car was seized was – on its own – sufficient for Motability to terminate the agreement. Motability was also entitled to hold Ms A liable for the cost of recovering the car, and I don't find it acted unfairly by doing so given the circumstances of the agreement being terminated.

Motability told Ms A it would be unlikely to accept an application to rejoin the scheme for at least two years – which was reduced from four years. Motability is entitled to impose sanctions where there's been a breach of an agreement – and I think it treated Ms A fairly by agreeing to a shorter sanction term given the circumstances. I also find it fair that Motability has agreed to reconsider things if Ms A can show that the theft of the car has been pursued and prosecuted in future. If Ms A is able to provide new evidence in future, I'd expect Motability to take it into fair consideration.

I have significant sympathy for Ms A here – and I understand Motability's decision to recover the car has left her and her family in a difficult situation. But taking all of the circumstances into account, I can't fairly agree Motability has made an error or otherwise treated her unfairly. So, I don't require it to do anything further.

### **My final decision**

My final decision is that I don't uphold Ms A's complaint about Motability Operations Limited.

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

Stephen Billings  
**Ombudsman**