

The complaint

Mrs K complains that Motability Operations Limited (“MO”) unfairly terminated the hire agreement for a car she held with it.

What happened

In July 2024 Mrs K entered into a hire agreement with MO for a new car. Mrs K was the only named driver on the insurance policy, and the car was to be used for the benefit of a close relative who has disabilities.

In July 2025, MO received information from an anonymous source that the car may not be used for the benefit of the person it was intended for. An agent for MO phoned Mrs K to speak to her about this. During that call, Mrs K explained that her disabled relative was, for a number of reasons currently spending time at three separate places, one of which was another relative’s home. Mrs K said the car was being kept at this relative’s home and that this relative also drove the car.

A short time after this call had ended, Mrs K called MO back and said she had been confused due to her own health issues and had also been distracted. She confirmed that she was the only driver of the car. The agent she spoke to provided her with some reassurance and said there may be further calls from MO.

Mrs K didn’t not speak again with MO, although it made attempts to contact her. In August 2025 MO decided that the hire agreement should be terminated as the car had been driven by an uninsured driver which was in contravention of the agreement’s terms and conditions. It served notice on Mrs K of its intention to end the agreement.

Mrs K complained to MO. MO didn’t uphold her complaint and the car was collected. Mrs K complained to this service. She said MO had misunderstood or misconstrued what she had said. Mrs K said she had answered the questions correctly and denied having said a relative had driven the car. She said her own health conditions could impact on her ability to concentrate, and she had been very stressed at the time of the first call in July 2025. Mrs K asked that the recordings of the calls be listened to. She also explained the distress and suffering caused by losing the car.

Our investigator didn’t recommend Mrs K’s complaint should be upheld. While she said she understood and was sorry about the impact of MO’s decision to terminate the agreement, she didn’t think it had acted unfairly having listened to the calls.

Mrs K didn’t agree with our investigator’s view and has asked than an ombudsman look at her complaint and the actions of MO. The complaint has been passed to me.

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.

When looking at this complaint I need to have regard to the relevant law and regulations, but I am not bound by them when I consider what is fair and reasonable. And as the hire agreement entered into by Mrs K is a regulated consumer credit agreement, then this service is able to consider complaints relating to it. Here, the issue for me to decide is whether MO acted fairly when making the decision to terminate the hire agreement between itself and Mrs K.

MO hasn't disputed that its decision to end this hire agreement will have caused Mrs K significant distress and inconvenience. It also hasn't disagreed that Mrs K has her own health issues. However, MO says that it only took this action because the car had been used by someone who was not insured to drive it and that this was a significant breach of the terms and conditions.

Looking at the agreement, I can see that if the hirer (here that's Mrs K) is in contravention of a legal requirement then this entitles MO to consider terminating the agreement with notice. Mrs K says there was no breach as only she drove the car and that this has all been either a misunderstanding or a misconstruing of the answers she gave over the phone when contacted by an agent of MO.

I have listened to the calls between Mrs K and MO's agents and while I appreciate this will be very disappointing to Mrs K, I don't think MO has acted unfairly here and I will set out why below.

The first call was made by an agent for MO to Mrs K. The agent explains why they are calling and that there has been some anonymous information received. Mrs K's frustration at being told this is understandable, but the agent's approach was, I think sympathetic. They explained why they had to follow the matter up. In the circumstances, I don't think I can fairly say MO was acting unreasonably in making contact with Mrs K. And, as the agent said, their enquiries were also to protect both Mrs K and her disabled relative as well as the business from future allegations.

There then followed a conversation between the agent and Mrs K about where the disabled person was residing and where the car was kept. The agent also asked Mrs K whether they should call back at a different time, but Mrs K said to carry on. While I accept this call does appear to have been done while Mrs K was out and she does say she has to collect one of her children, her answers were, I think, nevertheless clear and unambiguous as to who was driving the car. Mrs K said several times that the relative with who the disabled person was staying was also driving the car. It appeared from what Mrs K said that she believed they were also a named driver on the insurance policy.

I also can't reasonably say that there was any confusion in the answers Mrs K gave as to which car the relative was using when driving the disabled person places as she explained the disabled person would specifically ask the relative to be taken out in the MO hire car as they had chosen this car themselves. Mrs K talks about the colour of the car hired from MO and the colour of the relative's car so she is distinguishing them when giving her answers. The call was ended by Mrs K when the agent says they are concerned about her answers because she is the only named driver.

There is then a second call on the same day when Mrs K phones MO back. During this call she says she had become confused and that the relative doesn't use this car at all as they have one of their own. The agent was again sympathetic to Mrs K's situation and checks the notes for her account. They reassured Mrs K that there weren't any notes on her account that the team were looking to terminate the agreement. They do say there are alerts noted and that there may be other calls from MO.

Mrs K has raised this second call as she says the agent told her not to worry. But I don't think this agent was aware of the full picture given the closeness in time between the two calls and because no decision had been taken about the information Mrs K had provided about who was using the hire car. I think the agent reasonably gave reassurance based on the details that were available to them at the time. I don't think I can fairly say that because the agent said MO wasn't considering terminating the agreement that this bound MO. It needed time to consider what Mrs K had told them in the first call and decide what weight they would attach to that.

I'm aware that MO tried to make further contact with Mrs K but were unsuccessful. Mrs K says she was too unwell to take these calls. While I appreciate this, I don't think MO was acting unreasonably when it made its decision based on what Mrs K had said during the first phone call. I think the information she gave was clear and unequivocal and MO wasn't being unfair on relying on what she had said, particularly as she had said several times that the relative was driving the car. I've also seen that it then followed the process set in the agreement of giving Mrs K written notice of its decision.

I appreciate Mrs K has been through a difficult time personally and also has health difficulties of her own that may impact on her ability to concentrate at times. But having listened to the calls, I think the agent was clear about what they were asking and Mrs K's answers were equally clear. Mrs K's answers had changed by the time she had called back but I can't reasonably ignore that this was after she had learnt that her relative wasn't a named driver for the car.

So, I don't think MO acted unfairly when it found there had been a serious breach of the terms and conditions of the agreement and that in accordance with those terms it decided to terminate the agreement. I'm not going to ask MO to revisit its decision.

I don't seek to underestimate the impact this decision to end the agreement will have had on Mrs K. But, as set out above, I can't reasonably say MO has acted unfairly or outside the terms of the agreement between itself and Mrs K, I therefore can't hold it responsible for the impact this has had.

For the reasons set out above I'm not upholding Mrs K's complaint.

My final decision

For the reasons given above I'm not upholding Mrs K's complaint.

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

Jocelyn Griffith
Ombudsman