

The complaint

Miss A is complaining Motability Operations Limited ('Motability') has cancelled her hire agreement and blocked her from applying for a new one for a year. She's also unhappy with the general service it's provided.

What happened

In September 2023 Miss A acquired a car through a government-backed lease agreement provided by Motability. The agreement was arranged by a dealership – who I shall refer to as 'the dealership'. The car was insured through Motability's group insurance policy. I shall refer to the insurance provider as 'the insurer'.

In October 2024 Miss A was involved in an accident where the car she had acquired through the scheme was hit by a third party's vehicle. She contacted the insurer to claim for the damage. However, the insurer advised her she wasn't insured on the policy. So liability for fixing the vehicle fell back to Motability.

Motability queried this with the dealership who said it was Miss A's choice to not be insured on the policy as she only had a provisional licence. It also said, when she first came to collect the car, it had noticed Miss A drive the car away on her own – i.e. without an accompanying person in line with the requirements of her licence. As a result of all of this Motability terminated the hire agreement and said Miss A wasn't eligible to apply again for the scheme for four years. It started procedures to recover the vehicle back from Miss A.

Miss A sent several emails to Motability and spoke with it about its decision and she didn't think it was treating her fairly. In summary, she set out the following:

- She held the dealership responsible for the issues with the insurance. She said she had always insured her Motability cars with her as a named driver and her carer as the main driver. She said this is what she told the dealership and asked the insurance to be set up this way. And she also said she provided her driving licence to the dealership to support this.
- She thinks it's unfair that the burden of setting up the agreement and insurance is solely down to her. She said she trusted the dealership to act fairly to fulfil their professional duties. And she said she was entitled to expect that the dealership would complete the agreement correctly.
- She thought Motability's decision was discriminatory taking into account her disabilities.
- She thought Motability's call handlers were rude to her and at times patronised her given her disabilities. She said she had to remind Motability her disabilities were physical, not mental.
- One of Motability's call handlers blocked her from making a complaint.

I issued a provisional decision upholding this complaint and I said the following:

"I should first set out that I acknowledge I've summarised Miss A's complaint in a lot less detail than she has presented it. Miss A has raised a number of reasons about why she's unhappy with the way Motability has handled this matter. I've not commented on each and

every point she's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Miss A and Motability, however, that I have read and considered everything they've provided.

Decision to ban Miss A from the scheme

There's no dispute that Miss A wasn't set up as someone who was insured to drive the vehicle. And it's also accepted that the dealership is the one who set it up that way. The issue for me to decide is what fundamentally caused Miss A to be in this situation.

It's important to note that Miss A entered into this agreement after the previous car she was provided through the scheme wasn't of satisfactory quality. Under that agreement, Miss A was recorded as a permitted driver. Further to this, there's no additional cost to Miss A being insured to drive the car. So, given she clearly intended to drive the car throughout the agreement, I see no reason why she would actively choose to not be recorded as a permitted driver. It seems to me that a simple mistake has occurred. And I think it's more likely than not that the dealership has misunderstood how Miss A wanted to set up the agreement.

I do agree that there was a responsibility upon Miss A to ensure she was adequately insured. So it was her responsibility to verify the information on the agreement was correct. That said, I also think it was reasonable for her to assume the terms of the agreement were along the same lines as before. And I can see how she could have gotten confused by the agreement as it is listed with her as the "hirer". But she isn't listed as a permitted driver and she should have corrected this with the dealership and/or Motability.

However, the actions Motability are seeking to take will have a significant impact upon Miss A. And, in thinking about its actions, Motability has to be mindful of whether it will cause her foreseeable harm. It also has to be recognised that this isn't a situation where Miss A can simply go to another provider. Motability is the only provider of such a scheme. And, in effect, by banning Miss A from the scheme, it prevents Miss A from being able to obtain a vehicle. And the purpose of the scheme is to enable her as an individual in receipt of disability benefits from being able to source a vehicle to get around. So I think, if Motability is seeking to prevent someone from having access to the scheme – even for a short period of time – it must be for significant reasons.

I've also considered the dealership's comments that it noticed Miss A drive the car in contravention of her licence. But, other than what the dealership has said, there isn't anything to support that. And Miss A has strongly disputed that this happened. I also can't ignore that the dealership didn't raise this at the time. So I don't have enough to say whether Miss A did drive in this way or not.

In this case, I think Miss A made a mistake. But I consider the dealership to have been the primary cause of the issues that have ensued. I don't feel it's fair that Miss A is being penalised for the acts of the dealership in this case. And, given the serious implications of not having access to the scheme, I intend to find that Motability's decision to ban Miss A from the scheme was unreasonable.

I note Motability has concerns about the way Miss A is driving the vehicle – i.e. the length of time she's had a provisional licence. But it hasn't raised this with Miss A previously and it isn't the subject of this complaint. So I'm not considering who can drive the car going forward in this decision – only whether it was fair for Motability to ban her from the scheme. And for the reasons I've set out above, I think this was unfair.

That said, this was a finely balanced case and I do think Miss A has to accept some responsibility for what's happened, as it was ultimately her responsibility to ensure she was insured to drive the car. I also recognise Miss A has retained the vehicle throughout this time so hasn't actually lost out because of what's happened. So, while I recognise Motability's decision will have caused her a lot of distress, I don't intend to require Motability to do anything further on this.

Customer service

I've read and considered everything Miss A has said about the customer service Motability has provided. But I'm not persuaded it's treated her unfairly.

I've listened to call recordings and read the correspondence between Miss A and Motability. I think Motability's generally acted in a professional manner. During the call Miss A has referred to, for the majority of the call there was an amicable discussion surrounding what was happening. But at the end Miss A said she wanted to raise a complaint and was frustrated with what the call handler was saying. However, I think the call handler was acting fairly as she was trying to understand what Miss A's complaint was so she could allocate it to the right area. That's fair and in line with its internal process. I recognise Miss A didn't want to tell her what the complaint was, but that was her choice and doesn't mean the call handler was being unreasonable.

Further to this, I haven't seen anything to show Motability were rude or patronised her. I again recognise that there were differences in opinion in the calls and emails. But I'm satisfied that Motability acted in a professional manner throughout.

Ultimately, while I think it was unfair for Motability to ultimately ban Miss A from the scheme, I don't think it's generally acted unfairly from a customer service perspective."

Miss A responded to accept my provisional decision. But she queried whether there would be any restrictions or limitations to her applying for another agreement. So also provided a detailed submission to clarify the chronology of what's happened and highlighted that Motability had repossessed the car.

Motability didn't agree with my provisional decision. In summary it said the following:

- It didn't think this Service would interfere with its decision to ban someone from its scheme where it's shown there's been a breach of the contract.
- It said it did say it would consider removing the sanction if the customer passed her test within the one year sanction period.
- It questioned why Miss A wasn't being held responsible when under UK law it remains the responsibility of the driver to ensure they have the necessary insurance in place.
- It highlighted that Miss A had said she drove the car away from the forecourt and queried why no one queried this at the time. It said this was in contrast to my decision where I said there wasn't anything to show she'd driven contrary to her licence.

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've considered all the evidence both Miss A and Motability have provided in response to my provisional decision. But I've come to the same conclusion and I'll now explain why.

Firstly, I note Miss A has raised concerns about Motability recovering the vehicle from her.

But she'd need to raise this with Motability and I'm unable to consider that in this decision as it's not the subject of the complaint she raised with this Service.

I do not dispute Miss A breached the terms of her contract in driving the car uninsured. But I have to think about *why* this happened. I set out in my provisional decision all the reasons why I considered fault for this lay with the dealership. And Motability hasn't given anything to say that this was an unreasonable conclusion. I'm satisfied Miss A fairly trusted the dealership to set up the insurance in the way she had it previously. But that didn't happen.

I'm not saying Miss A doesn't have to accept some responsibility for this and my provisional specifically said she did. But I still consider that the primary fault for what happened rests with the dealership. And I think it's unfair that Miss A is penalised for the actions of the dealership.

Motability has said that I hadn't taken into consideration that it said it would reconsider the ban if she passed her driving test. But I did consider this before issuing my provisional decision. I maintain that the outright ban from the scheme was unfair. However, as I said, I'm not making a finding on *who* is permitted to drive the car. And further to this, I'm also not setting out on what terms the agreement is to be provided as it will be subject to Motability and its insurance provider's eligibility criteria.

Finally I've considered the email Motability has referred to. But Miss A hasn't disputed she drove the car away from the dealership, but she maintains she did so with an accompanying driver. The email clearly made reference to her querying why she was allowed to drive away from the dealership if it knew she wasn't uninsured.

Ultimately, I remain of the opinion that Miss A genuinely considered she was insured to drive the vehicle and made a simple mistake. Had Miss A knowingly driven the car uninsured then I would have considered the situation differently. But that's not the case here. And I also maintain that Motability has to consider the nature of the scheme and the significant impact this inevitably would have on her.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Motability Operations Limited to remove the ban preventing Miss A from accessing the scheme. I don't award anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 2 April 2026.

Guy Mitchell
Ombudsman