

The complaint

Mr S complains about the credit agreement he took out with Motability Operations Limited (“Motability”). He says he’s unhappy that Motability have terminated his agreement and repossessed the car. He wants the agreement to be reinstated and the car to be returned.

What happened

In December 2024 Mr S was supplied with a car by Motability financed through a hire agreement. Under the hire agreement, there was no *Advanced Rental Payment*, and the rental instalments were to be paid as 39 amounts at 4-weekly intervals.

Mr S says that Motability was told that his Personal Independent Payments (“PIP”) had been stopped. Because of this, it terminated his hire agreement and repossessed the car. Mr S says he has subsequently resolved the PIP issue with Department of Work and Pensions (“DWP”), and his payments have now resumed, but Motability hasn’t returned the car or reinstated the hire agreement.

Mr S complains that Motability’s actions have been harassing and invasive; its repossession of the car was wrong because of his personal circumstances; and Motability has stolen his personal effects that were in the car at the time it was collected.

Motability rejected this complaint. It said in April 2025, DWP informed it that the *Enhanced Rate Mobility Component* of PIP would no longer be paid and explained why it had reached this decision. Motability said that under the rules of the scheme that permits it to lease cars to its customers, it’s unable to continue with a lease if a customer is no longer in receipt of the required allowance.

Motability said it wrote to Mr S in April 2025 to explain this, and it told him it would be collecting the scheme car in May 2025. Because it was unable to collect the car, Motability said it passed instructions to its asset recovery partner, and once it had issued a termination notice confirming a termination date of 3 July 2025, it was able to recover the car.

Motability told this Service that once DWP ceased paying Mr S’ allowance, he no longer met the eligibility criteria to remain on the scheme. And because *“cessation of the allowance was confirmed by DWP, and not caused by [Motability], termination and recovery of the vehicle was appropriate”*. Motability says *“The decision to stop [Mr S’] allowance was made solely by the DWP, and [Motability] has no ability to influence, challenge, or reverse such decisions. [Motability] must act on the information provided to it by the DWP, and when allowances are withdrawn, [Motability] is contractually required to bring the vehicle agreement to an end”*. Motability says that it recovered its asset; the car on 19 August 2025.

Motability says that following the notification from DWP, Mr S’ account fell into arrears, and it also applied some recovery fees to cover the cost of collecting the car. Motability told us that under its policy, *“where a customer’s account is in arrears, a new vehicle application cannot be accepted until the outstanding balance has been cleared in full”* ... *“Once arrears have been repaid and the account is up to date, the customer becomes eligible to reapply to the Scheme, subject to the standard eligibility and credit checks”*.

Finally, Motability said that it checked the recovery log in response to Mr S' allegation that it had stolen some of his personal effects, but the record made on the day the car was collected and taken to auction said "*Belongings: None*".

Our Investigator looked at this complaint and said she didn't think it should be upheld. She said she didn't think Motability had done anything wrong when it terminated the agreement, and she couldn't conclude that it had acted inappropriately when it recovered the car. Our Investigator explained that Motability owned the car, it was their asset, and it was unable to allow Mr S to retain the car once PIP had stopped.

Mr S disagreed so the complaint comes 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 hope that Mr S won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr S should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

Mr S was supplied with a car under a *hire agreement*. This is a regulated consumer credit agreement which means we're able to look into complaints about it. And the Motability scheme that arranges the car and hire agreement is governed by some terms and conditions that I have also considered here.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr S and by Motability. In this decision, I'm only determining whether it was appropriate for Motability to terminate the agreement and then recover the car. I'm not looking the actions of DWP, and whether it was lawful for it to cease payments, and I'm not considering the actions of any other party that Mr S may have referred to in his complaint to this Service.

Having taken everything into consideration, I've reached the same conclusions as our investigator, and I don't think this complaint should be upheld. I'll explain why.

Termination of the hire agreement

I've looked very carefully at the hire agreement that Motability relies upon for its position. Mr S entered into this agreement in December 2024, and in signing it, agreed to be bound by its terms and conditions.

Section 11.1 says "*We may terminate this Agreement by providing you with written notice if at any time:*

11.1.2 you do not meet the Driver eligibility criteria at any time during the Hire Term...;

11.1.3 you or the Disabled Person (as the case may be) cease to be entitled to receive or deal with an Allowance or if the relevant Payment Agency does not pay such Allowance to us"

So, looking at these sections together, I don't think Motability did anything wrong when it terminated Mr S' hire agreement after being notified by DWP that payments in respect of Mr S would cease.

Recovery of the car

Section 11.5 states *"If we terminate this Agreement...*

11.5.1 you will no longer have permission to keep possession of the Vehicle without our permission;

11.5.2 we will be entitled to take back the Vehicle;

11.5.3 you must use reasonable efforts to return the Vehicle to a place directed by us as soon as possible at your own expense...;

11.5.4 you will still be required to pay any amounts which have become payable to us at the date of termination, but which have not been paid; and

11.5.5 you will also be responsible for any reasonable costs and expenses incurred by us in relation to recovery and, pending any sale of the Scheme Vehicle..."

Reading Section 11 very carefully, I'm satisfied that having terminated the agreement, Motability was entitled to have the car returned. And when the car wasn't returned voluntarily, it wasn't wrong for Motability to use a third-party recovery firm to repossess its asset and then apply the associated charges to Mr S' account.

Finally, I've considered Mr S' complaint about his lost possessions. He suggests that Motability has stolen these things. Motability says none of Mr S' personal effects were in the car when it was recovered. So, it's clear that the parties do not agree on this matter.

I've noted that the contemporaneous record from the time the car was collected says there were no personal belongings in the car. And I've also taken account of the fact that Motability says Mr S didn't contact it about any personal belongings; it says Mr S made no mention of personal belongings until he brought his complaint to this Service.

In these situations, I'll never know with any certainty whether or not there were personal effects belonging to Mr S in the car when it was collected. Because of this, I have to decide what I think *more likely* to be the case and taking account of the evidence, particularly the record from the time the car was collected, I think it *more likely* that there were none of Mr S' personal belongings in the car at the time it was recovered. If, however, Mr S still believes Motability has acted illegally here, and stolen his property, he should consider reporting this to the Police.

In summary, I think Motability has acted entirely within the terms and conditions of both the Motability scheme and the hire agreement that Mr S signed. I don't think Motability has done anything wrong, and I don't think the complaint should be upheld.

I know Mr S will be disappointed with the outcome of his complaint, but I hope he understands why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 April 2026.

Andrew Macnamara
Ombudsman