

The complaint

Mrs Y complains about the credit agreement she took out with Motability Operations Limited (“Motability”). She says she was told she could purchase the car at the end of the lease, but she’s subsequently discovered this isn’t the case at all. Mrs Y says the optional extras she chose to buy were an investment and were expensive, and she wanted to buy the car when the agreement came to an end.

What happened

In 2016 Mrs Y was supplied with a car by Motability financed through a hire agreement. Neither party has been able to provide a copy of the actual hire agreement, but neither party disputes that Mrs Y entered into a hire agreement with Motability at this time.

Mrs Y says that she purchased a number of optional extras at considerable cost – more than £5,000 – and was told by the car dealership that it would be possible to purchase the car at the end of the agreement. In 2019, Mrs Y contacted Motability to see if the term of the agreement could be extended, and both parties confirm the agreement was extended, first of all until April 2021, and then a further extension to April 2022. There appears to have been a further extension to the agreement until 2025.

Mrs Y says that in 2025 she contacted Motability about purchasing the car but was told this was no longer possible; it had changed its rules and no longer sold cars to consumers at the conclusion of the hire agreement.

Motability rejected this complaint. It said the option to purchase the Motability Scheme vehicle is not available. Motability told this Service that it had given Mrs Y the option to purchase the car in April 2022, and it had provided her with the price, but she had instead asked to extend the hire agreement for a further three years. Motability said that following a review [in November 2023], it had changed its policies in relation to the options a consumer had at the end of a hire agreement, and it decided at that time that consumers would no longer be able to purchase the vehicles – it said the vehicles would need to be returned as detailed in the terms of the agreement.

Motability said that when Mrs Y brought her complaint to this Service, it made an administrative error, and it made an offer to Mrs Y so she could purchase the car. It said this had been a mistake; Mrs Y had now acquired a new car under the scheme, and the previous car had been returned when she collected her new car, and Motability had sold the old car. It acknowledged its mistake and paid Mrs Y £150 compensation which it says she accepted.

Motability has previously told this Service that the terms and conditions of the scheme had never given a customer the right to purchase a vehicle at the end of the agreement. It agreed that, as a discretionary gesture of goodwill, an option to purchase had *sometimes* been offered in the past. But it said that it decided to remove that option in November 2023 to allow it to focus on the sustainability of its Scheme.

Our Investigator looked at this complaint and said she didn’t think it should be upheld. She set out the rules under which this Service operates and explained why she could consider

this complaint. Our Investigator said the terms and conditions of Motability's scheme didn't give its customer a right to purchase the car at the end of the term – it was for Motability to decide the basis upon which it ran its business. So, whilst she sympathised with the impact the change of approach had caused to Mrs Y, she didn't think Motability had done anything wrong. And she said she couldn't hold Motability responsible for what the supplying dealership may have said all those years ago.

Our Investigator considered Mrs Y's complaint about the administrative error Motability had made but said she didn't think she could look into this because it related to Motability's complaint handling which wasn't a regulated activity under the rules we have to follow.

Mrs Y disagreed with our Investigator's opinion and said that she had accepted Motability's offer to sell her the car in good faith, and she considers its action to be fundamentally unfair. And she said that for a number of years, she relied on "*repeated indications over several years that purchase may be possible*". Mrs Y said that she accepts "*this may not have been a contractual right...the overall course of dealings created a legitimate expectation which has not been fully considered*".

Our Investigator looked again at the limited information provided by both Mrs Y and Motability, but said she still was of the view that this complaint shouldn't be upheld. She said she'd seen nothing to show that Motability had breached its agreement with Mrs Y, or that the agreement had been misrepresented to her.

Mrs Y disagrees 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.

Neither Mrs Y nor Motability have been able to provide a copy of the credit agreement that Mrs Y entered into in 2016. I find this surprising, given that although the agreement was first entered into some time ago – 2016 – it was renewed on a number of occasions over the last few years, and it was a *live* agreement this time last year.

However, based on my knowledge of Motability's operations as well as paperwork and agreements I've seen in respect of other customer complaints, I think it's *more likely* than not that the car was supplied to Mrs Y in 2016 under a *regulated hire agreement*.

As a regulated consumer credit agreement, 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 Mrs Y and by Motability.

Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words, I have looked at the evidence, and the surrounding circumstances, to help me decide what I think is *more likely* to have happened.

First of all, it might be helpful if I explain that this Service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the Regulator; in this case the Financial Conduct Authority ("FCA").

My role is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case Motability Operations Limited – has done anything wrong. And, if it has, I'll seek to put the consumer back in the position they would've been in, if those mistakes hadn't happened.

What I need to decide in this case is whether the hire agreement was misrepresented to Mrs Y by Motability, and to make a finding of misrepresentation, I would need to be satisfied that she was told a false statement of fact that *caused* her to enter into a contract that she would not have entered into otherwise. I also need to consider whether Motability has breached any of the terms and conditions of the hire agreement by not allowing Mrs Y an option to purchase the car at the end of the hire period.

Having taken everything into consideration, I've reached the same conclusions as our investigator, and I'll explain why.

Mrs Y said she was told at the supplying car dealership that she could buy the car at the end of the hire period. So, I have taken this into consideration.

I do not know exactly what Mrs Y was told about the potential of being able to buy the car at the end of the hire agreement, and whilst I appreciate that Mrs Y has given our Service her best recollections of what was said, this took some time ago, and memories can fade over time. So, I have also considered other evidence such what Motability has told us, what the hire agreements that I have seen stipulate, and what I understand Motability's website said around the time when Mrs Y entered into the credit agreement.

Mrs Y was supplied with a car under a hire agreement, *not* a hire purchase agreement. That difference is important since a hire agreement doesn't provide a consumer with the right to purchase the car, at an agreed price, at the end of the agreement. That right is however present in a hire purchase agreement.

So, the agreement that Mrs Y signed in 2016 would simply have allowed her the use of a car for a set period of time – and at the end of that term she would need to return the car to Motability, although in this particular case, it appears that Motability agreed to several requests from Mrs Y to extend the period of the hire. I say this because the agreements that I've seen make it clear just below where the customer signs to accept the terms of the agreement that "*Under this Agreement the Vehicle does not become your property and you must not sell it*". And I've been given no evidence that indicates Mrs Y's agreement would've been any different.

Motability says that it has previously, as a discretionary gesture of goodwill, offered some customers an option to purchase their car at the end of a hire agreement. But that opportunity isn't provided as a right in any agreement's terms and conditions.

Motability has provided a copy of the terms and conditions in place at the time Mrs Y took out her agreement. These terms state: "*You must promptly return the Scheme Vehicle and any Adaptations to whom we direct at the end of the Hire Term at your expense together with the Certificate of Insurance, all keys, the handbook, the service record book and, where applicable, a current MOT test certificate*".

So, I'm satisfied that neither the terms of the various hire agreements I've previously seen, nor the terms of the Motability scheme provided a contractual right for Mrs Y to purchase her car at the end of the hire term.

I appreciate that previously Motability may have given hirers the option to purchase the cars at the end of the agreement term and subject to its discretion. But according to the terms of Motability's hire agreements, it was not under any *obligation* to do so; it was free to remove this goodwill option whenever it wanted.

I think, on balance, that at the time Mrs Y was entering the hire agreement, had she been given a guarantee that she had an option to purchase the car at the end of the agreement, she most likely would've questioned why her agreement stated something else. And if this was important to her, I think it more likely than not that she would not have entered into the hire agreement in question.

I know that about the time Mrs Y took out her agreement with Motability, its website said "*It may be possible to buy your car at the end of the contract, but this can only be discussed in the final three months of your lease*". This statement clearly says *may be possible* which does not mean that an option to purchase was an automatic contractual right conferred on Mrs Y, or a binding contractual obligation on Motability to sell the car to her.

So taking everything into account, I think it's more likely that Mrs Y was told "It may be possible to buy" the car, but I have not seen enough to say that she was likely told she would have the right to do so.

It's clear that the opportunity to purchase was sometimes offered in the past. And so it's not surprising to me that this may have come up in the discussions between Mrs Y and the car dealership that supplied the car. So, I recognise that the change of approach taken by Motability will have caused some disappointment to Mrs Y.

But a business must be free to decide the basis upon which it is willing to provide its services, providing those remain within the contractual and regulatory conditions that apply. I don't think it would be right for this Service to direct which services a firm should offer, or to prevent firms from making changes to those services in an appropriate way. And most importantly here, Motability is not actually making any changes to the terms and conditions of its hire agreements. In this particular case I think that Motability has acted entirely within the terms and conditions of both the Motability scheme and the hire agreement in place at this time. Accordingly, I don't think Motability has done anything wrong.

I've considered Mrs Y's additional complaint point that Motability said she could purchase the car as a way to settle her complaint before it then said it had made an administrative mistake and confirmed that the car had been sold shortly after Mrs Y had returned it. This is unfortunate, and I can understand how, for a short period of time, Mrs Y will have had her expectations raised. But Motability apologised for what happened and it made a goodwill payment of £150 to Mrs Y for the error. And I'm not going to ask it to do anything more.

In summary, I do not uphold Mrs Y's complaint. I know she'll be disappointed with the outcome of her complaint, but I hope she 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 Mrs Y to accept or reject my decision before 7 May 2026.

Andrew Macnamara

Ombudsman