

The complaint

Miss L complains about the unfair repossession of her vehicle in relation to a motor finance agreement she entered with Motability Operations Limited (Motability).

What happened

In May 2022, Miss L acquired a new car through a hire purchase agreement with Motability.

In November 2024, Miss L fell into arrears on her account due to a component of her eligibility being ceased. In March 2025, Miss L was re-awarded the component however the arrears were paid directly to Miss L rather than to Motability.

As the arrears remained on her account, Motability repossessed the vehicle in November 2025, following the issuance of warnings to Miss L. Later in November 2025, Miss L paid the arrears on the account and was successfully accepted for a new agreement on the vehicle scheme.

Miss L complains that as a result of an administration error Motability repossessed her vehicle without notice. She said her personal items and medication were in the vehicle when it was taken. This left her with no transport and adversely impacted her mental health.

Motability didn't issue a final response, so Miss L brought her complaint to this service where it was passed to one of our investigators to look into.

In March 2026, the investigator issued their view and recommended that Miss L's complaint should be upheld. In summary, the investigator considered Motability didn't give Miss L the required notice prior to repossessing her vehicle and unfairly charged her collection and agents fees. The investigator recommended that Motability should pay Miss L £600 in compensation for the distress and inconvenience caused, and to reimburse her £675 for the collection and agent's fees she incurred as a result of the repossession.

Miss L accepted the investigator's view. Motability didn't respond. So, the case has been passed to an ombudsman for a final decision.

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.

Firstly, I acknowledge what Miss L has told us about her medical conditions, and I'm sorry to hear about this. I recognise this would likely have made things more difficult for her. Further information about the support available from recognised organisations can be found on our website at the following address: <https://www.financial-ombudsman.org.uk/accessibility/additional-support>

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance

and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In an email to various recipients, including our investigator, dated November 2025, Miss L complained specifically about the repossession of her car. She later added that she was unhappy with the communication she received from Motability, and with their lack of support in relation to a repayment plan. Miss L also said she did not think Motability treated her fairly or in line with the Equality Act 2010.

Motability did not provide a response to Miss L's complaint, nor did they provide the further information requested by the investigator. As such, I have considered the complaint based on the information held on file.

I've considered whether Motability fairly repossessed the vehicle, whether they supported Miss L with a repayment plan, and whether they acted fairly in making reasonable adjustments.

Repossession

In their file submission, Motability said they contacted Miss L to advise that her lease would not be extended due to arrears on her account and that her vehicle would be collected. They said they offered her a repayment plan, but that a non-remedial default was issued because of the extended period of non-payment and the invalid MOT status of the vehicle.

Miss L has not disputed Motability's account regarding the arrears or the invalid MOT status. Taking the terms of the agreement into account, as provided by Motability, I'm satisfied that they acted reasonably and in line with those terms in deciding to repossess the vehicle. However, I'm not persuaded that Miss L was given sufficient notice of the repossession, particularly given her vulnerable circumstances.

Under the terms of the hire agreement, in the section titled "*When we may end this agreement*", it states that notice will be given if the agreement is terminated. Miss L's main complaint is that the car was repossessed without notice.

Having reviewed Motability's system notes, I can see they were in regular contact with Miss L throughout the agreement, particularly from March 2025 when issues with repayments appeared. Miss L was given lease extensions and received repeated notifications that her car would be repossessed due to non-payment. I am therefore satisfied that Miss L was aware that collection of the vehicle was pending.

That said, given the severity of Miss L's vulnerability—which is not disputed by either party—and her reliance on the car, I think it would have been reasonable for Motability to give her specific notice of when the vehicle would be collected. Motability said they issued a non-remedial default notice; however, I've not seen evidence of this. The investigator requested a copy, but Motability has not provided one. In the circumstances, I consider it likely that the notice was not issued and therefore not received.

So, although I accept that Motability was entitled to repossess the vehicle, it was vital that this was done in the right way. I'm not persuaded that it was. In these circumstances, I agree with the investigator that Motability should pay Miss L £250 in compensation for the distress and inconvenience caused by the manner in which the repossession was carried out. Motability should also reimburse Miss L £675 for the collection and agency fees she subsequently paid.

Repayment plan

Miss L also complained about the lack of support she received in setting up a repayment plan to settle her arrears. Motability's system notes refer to conversations about a repayment plan but do not provide any detail. Miss L said she was told she had to make payment in full, which she did in November 2025.

The Consumer Credit Sourcebook (CONC), contained within the Financial Conduct Authority's (FCA) Handbook, states that firms must treat customers in default or arrears difficulties with forbearance and due consideration. CONC 7.3.5 provides examples of such forbearance, including suspending, reducing, or waiving interest or charges; allowing payment deferrals; or accepting token payments.

Motability has not provided a copy of the live chat conversation Miss L says she had with them about a repayment plan, despite the investigator requesting it. Nor have they offered any further explanation. Based on Miss L's testimony, I am of the opinion that Motability did not demonstrate an appropriate level of forbearance, particularly given her financial hardship at the time.

While I recognise that Miss L settled the arrears in full, I am satisfied that this may not have been the most suitable option for her. In recognition of this, I am instructing Motability to pay Miss L a further £250 in compensation for the distress and inconvenience caused.

Reasonable adjustments

In an email dated November 2025, Miss L complained that Motability failed to make reasonable adjustments for her, and therefore failed in their duty under the Equality Act 2010. I have taken the Equality Act 2010 into account when deciding this complaint, as it is relevant law, but I have made my decision based on what is fair and reasonable. If Miss L wishes for a determination that Motability breached the Equality Act 2010, that would be a matter for the courts.

That said, given the circumstances described above—particularly in relation to the repayment plan and the requirement for Miss L to arrange collection of personal items herself over a significant distance—and considering her vulnerability, I'm not persuaded that Motability made the necessary reasonable adjustments. I think £100 fairly recognises the inconvenience caused, and I am therefore instructing Motability to pay this amount to Miss L.

The investigator recommended in their assessment that Motability should also pay an interest award of the Bank of England average base rate plus one percentage point. This amount is applicable for complaints which are referred to our service since 1 January 2026. Further information about this can be found on our website at the following address: <https://www.financial-ombudsman.org.uk/businesses/resolving-complaint/understanding-compensation>

On 4 December 2025, Motability informed the investigator of their outcome to the complaint and provided their file. I am therefore satisfied that our service was able to start its investigation from that point. It follows that I'm satisfied the complaint was referred to our

service prior to 1 January 2026, and so an award of simple interest at 8% should apply to this complaint.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct Motability Operations Limited to:

- Pay Miss L £600 in compensation for the distress and inconvenience caused.
- Reimburse to miss L £675 for the collection and agency fees she incurred

Motability Operations Limited should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If Motability Operations Limited considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss L how much it's taken off. It should also give Miss L a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 21 May 2026.

Benjamin John
Ombudsman