



Transport: Motability

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[Motability](#) is a registered charity set up by Royal Charter in 1977. The charity oversees the operation of Motability Operations, a private limited company which leases and sells motor vehicles and wheelchairs for disabled people under a number of schemes.

Disabled people in receipt of the Higher Rate of the Mobility Component of the Disability Living Allowance and War Pensioners Mobility supplement are eligible for the Motability scheme. The idea was to ensure that disabled people received good value for their money when purchasing cars, to provide practical advice, guidance and assistance and to develop a variety of schemes (e.g. with insurance companies) to help those who wished to use a car to become mobile. The agreement can be with a driver or if the recipient of the DLA does not drive, with him or her as a passenger.

Motability members can either buy a car on hire purchase through the scheme; or lease a new vehicle. Motability Operations lease a variety of models, and for the less expensive ones, the DLA mobility component is likely to meet the full leasing cost. Usually leases are for three years, after which the car is returned to the dealer, and the driver (or the passenger), if still eligible, can choose a replacement. Motability also operates a scheme under which a disabled person can buy a powered wheelchair or scooter under hire purchase through a private limited company, route2mobility.

Information on other roads- and vehicle-related issues can be found on the [Roads Topical Page](#) of the Parliament website.

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1 About Motability

1.1 Motability, the charity

[Motability](#) is a registered charity set up by Royal Charter in 1977. It was set up on the initiative of government under the chairmanship of Lord Goodman, to provide assistance to disabled people in obtaining motor vehicles adapted for their needs.¹ The idea was to ensure that disabled people received good value for their money when purchasing cars, to provide practical advice, guidance and assistance and to develop a variety of schemes (e.g. with insurance companies) to help those who wished to use a car to become mobile. As a charity Motability is accountable to both the government and to the [Charity Commission](#).

Motability receives a government grant to cover its administrative costs, excluding costs relating to fundraising activities, from the [Department for Work and Pensions \(DWP\)](#). It was originally funded under provisions in section 64 of the [Health Services and Public Health Act 1968](#), but the powers were not sufficiently wide and new powers were provided under the [Disability Grants Act 1993](#). Section 1(1) of the 1993 Act allows the Secretary of State to make grants to Motability for such purposes as (s)he may determine; any grant made under this section is at the discretion of the Secretary of State and the Treasury.

A financial memorandum between the then DSS and Motability was placed in the House of Commons Library in 1995. This contains a requirement that the charity should endeavour to provide best value for money for both the disabled customer and the taxpayer.²

Motability provides a range of grants from both its own Charitable Fund and the government's Specialised Vehicles Fund to help those customers who could not otherwise afford to become fully mobile.³ Government funding for the Specialised Vehicle Fund rose from £8.6 million in 2005-06 to £17 million in 2009-10, which paid for approximately 1,200 and 2,300 vehicles respectively. The Conservative-Liberal Democrat Coalition Government

¹ DHSS press notice, "Voluntary organisations welcome Motability and higher mobility allowance", 6 December 1977

² DSS, *Motability: grant-in-aid, financial memorandum – administrative costs*, 29 June 1995, para 7 [HC DEP 35 1909]

³ for full details see: Motability, [Financial Help](#) [accessed 20 May 2011]

has stated that “no decision has been reached on funding for the Specialised Vehicles Fund from 2011-12 onwards”.⁴

Grants are only given towards the best value suitable solution to meet the disabled person's mobility needs. All applicants are expected to contribute “as much as they can afford” towards their vehicle and/or adaptations.⁵

1.2 Motability Operations

[Motability Operations](#) (until 1 February 2003, Motability Finance Ltd) is a private business, which specialises in sourcing and delivering motoring services to disabled people. Primarily, it offers customers suitable affordable cars, through contract hire and hire purchase schemes, payable directly through customers' mobility benefits. Founded in 1978 as Motability Finance Limited, Motability Operations is a private limited company owned by five major clearing banks which provide the finance for the car schemes. It is corporately and financially independent of Motability and operates the car schemes on a not-for-profit basis. Motability Operations purchases about six per cent of all new cars, powered scooters and wheelchairs in the UK.⁶

Regulations 44 to 46 of the *Social Security (Claims and Payments) Regulations 1987 (SI 1987/1968)*, as amended, allow the Secretary of State to arrange that mobility allowance shall be paid in settlement of payments due under an agreement where that agreement has been entered into for the hire or hire purchase of a vehicle under arrangements made by Motability.

The vast majority of Motability members lease a new vehicle from Motability Operations under the Vehicle Contract Hire Scheme (about 95 per cent of vehicles provided). Usually leases are for three years, after which the car is returned to the dealer, and the driver, if still eligible, can choose a replacement. It is also possible to buy a car, either a new or used one, on hire purchase, though it is less common. The allowances can also be used for purchasing a new wheelchair, electric scooter or a second-hand car on hire purchase.⁷ It should be emphasised that those who hire vehicles from Motability take out a contract with Motability Operations to hire a vehicle for a fixed amount of time, such as three years. Generally, the company will only agree to terminate a hire agreement early if there are “extenuating circumstances with a valid reason”.⁸

To pay for the vehicle, a disabled person agrees to pay over either all or part of the [Higher Rate of the Mobility Component of the Disability Living Allowance](#) to Motability in return for buying or leasing a car. Some smaller, cheaper cars do not require the whole of the allowance to be used. In this case the benefit recipient continues to receive the rest of the allowance as normal.⁹

Back when Motability Operations was Motability Finance Ltd (MFL) in the mid-1990s some concerns were expressed about its public accountability and the value for money that it provided. This was raised in Parliament and the National Audit Office (NAO) looked at the

⁴ [HC Deb 2 November 2010, cc793-94W](#)

⁵ Motability, [Financial Help](#) [accessed 20 May 2011]

⁶ Motability Operations, [About Motability Operations](#) [accessed 23 May 2011]

⁷ Motability, [How the Motability Scheme works](#) [accessed 23 May 2011]

⁸ Motability, [Online help portal](#) [accessed 23 May 2011]

⁹ Motability, [Paying for your car](#) [accessed 23 May 2011]

company's accounts.¹⁰ The NAO concluded that the scheme provided good value for money to disabled people, although it made recommendations about improving customer service and oversight of service providers.¹¹

[Route2mobility](#) operated the powered wheelchair and scooter scheme until 1 July 2010. New orders under the wheelchair and scooter scheme are now made via Motability Operations. The disabled person gets a new vehicle every three years; hire-purchase is not available.¹²

2 The customer

2.1 Eligibility

Only disabled people in receipt of the Higher Rate of the Mobility Component of Disability Living Allowance (DLA) (formerly Mobility Allowance) or the War Pensioners' Mobility Supplement are eligible for the scheme. The disabled person pays the hire purchase instalments by agreeing to allow the DWP to pay all or part of their benefit direct to Motability Operations for the duration of the hire purchase agreement. If the higher rate DLA is removed the agreement comes to an end and the car can be removed. Approximately 570,000 disabled people have chosen to have their allowances paid to the Scheme to meet the cost of having a car, powered wheelchair or scooter through a contract hire or hire purchase arrangement.¹³

Information on eligibility for DLA is given on the Direct.Gov website. The House of Commons Library has briefings available on planned changes to DLA, including the removal of the Mobility Component for people living in care homes.¹⁴

2.2 Insurance

All vehicles are covered by the Motability scheme comprehensive fleet insurance policy with [Royal & SunAlliance Motability \(RSAM\)](#). All drivers must pay towards the cost of insurance claims depending on their age and driving experience. Only drivers approved by RSAM and named as permitted drivers on the Certificate of Motor Insurance are insured to drive; other drivers are not allowed. Even if they have fully comprehensive insurance which provides cover to driver other cars, they are not covered to drive a Motability car. The RSAM policy includes cover for: loss of, or damage to the car; accidental damage; theft or fire damage; repair or replacement glass; in-car equipment (such as radio or CD player) permanently fitted or supplied with the car as standard; adaptations and modifications which are needed and which have been agreed to and which RSAM have been informed about; any accessories or tools supplied with the car; and replacement locks where keys have been stolen and the theft reported to the police.¹⁵

2.3 Responsibility for vehicle

The leasing agreements include all standard services recommended by the manufacturer and any repairs due to fair wear and tear at no cost to the hirer. Under the present arrangements a car requiring a service or which has developed a fault should be taken to the

¹⁰ see, e.g.: Alan Simpson MP, [HC Deb 19 July 1995, cc1616-18](#); and: [HC Deb 22 May 1996, cc258-262](#)

¹¹ NAO, [Motability](#) (session 1995-96), HC 552, 18 July 1996

¹² Motability, [Wheelchair and scooter scheme – what it includes](#) [accessed 23 May 2011]

¹³ [HC Deb 10 January 2011, c115W](#)

¹⁴ Direct.Gov, [Disability Living Allowance - eligibility](#) [accessed 23 May 2011]; HC Library standard note SN5841, [Disability Living Allowance mobility component for people in care homes](#); and SN5869, [Disability Living Allowance reform](#)

¹⁵ Motability, [Insurance and tax basics](#) [accessed 23 May 2011]

maintenance agent who will do the necessary work. It is, however, up to the hirer to ensure the car is maintained in a roadworthy condition, to arrange the services and take it to the garage. The website states:

Your Motability lease agreement provides an **all inclusive worry-free motoring package**. The regular servicing recommended by the manufacturer of your car or Wheelchair Accessible Vehicle (WAV), and any maintenance and repairs necessary due to general wear, are included in your agreement. Any maintenance required for adaptations fitted through the Motability Managed Adaptations Programme are also included.

Your managing dealer will contact you to arrange the regular service recommended for your car or WAV. When you have your car serviced, make sure your dealer completes and stamps your car's service book and keep this in a safe place. For maintenance or repair of WAV conversion items (winches, ramps etc), please contact your specialist WAV converter. Any repairs that become necessary and are not as a result of general wear and tear, will need to be approved by both Motability, and in the case of accident repairs, RSA Motability before any work is carried out.¹⁶

3 Dealers

When the scheme began a dealer would apply to Motability Finance, often at the instigation of the manufacturer or occasionally as a result of an approach from the general public, and would be issued with a membership code. The only qualification considered in authorising him was his financial standing. In April 1997, the charity introduced the 'First Class Suppliers' (FCS) training scheme with the support of the manufacturers. This required knowledge both of physical factors affecting disabled people, such as the need for ramps at their showroom, and knowledge of the paperwork involved in the Motability scheme. From 1 July 2004 the FCS brand was replaced by a new business model, the [Motability Dealer Partnership](#). This was open to existing FCS dealers.

The Partnership is a two-tiered programme in which dealers self-select a level that best suits their dealership, either the Premier Partner or Dealer Partner. Each tier requires a level of service and standards to be adhered to, and for which corresponding payments and benefits are given. The standards focus primarily on delivering the customer experience, and cover two main areas: supply standards (which incorporate customer service and hand-back requirements); and after-sales standards.

There are 4,500 Motability dealerships in the UK, and since 1 January 2005 the standards of these dealers have been monitored. If a dealer fails to match up to the standards there are financial penalties and the ultimate sanction of rejecting a dealer from supplying to the Motability scheme.

A few years ago there were concerns by some Motability customers about a rise in the cost of Motability vehicles, despite falling car prices. Motability's view was that the rise in cost was due to the fall in car prices generally which had a knock-on effect on the value of second hand cars. While Motability is non-profit making, it is expected to cover its costs and tried to recoup the losses from the second hand vehicles on the cost of new ones.

¹⁶ Motability, [Taking care of your car](#) [accessed 23 May 2011]

4 Complaints and appeals

When wishing to make a complaint, the first step should always be to contact the provider of the service such as Motability Operations, RAC, RSAM, 'Motability' or the dealership. If the disabled person remains dissatisfied, (s)he can complain directly to the Motability Complaints and Appeals Team by telephone, in writing or by email.

The Motability Complaints and Appeals Team can consider an appeal if a someone has had his/her agreement terminated by the Scheme; been disallowed from taking out a further agreement; or been refused entry to the Scheme in the first instance. The circumstances of the case will be examined and the Team will advise the appellant of its decision as quickly as possible.

Full details on how to make a complaint are provided on the Motability website.¹⁷

¹⁷ Motability, [Complaints and appeals](#) [accessed 23 May 2011]