THE MOTOR OMBUDSMAN

Independent Compliance Assessment Panel (ICAP)

Annual Compliance Report 2025



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SECTION 1:

Overview of the Independent Compliance Assessment Panel (ICAP)

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The primary objective of the Independent Compliance Assessment Panel (ICAP), which was formed when The Motor Ombudsman (TMO) was founded in 2016, is to provide an independent oversight body that ensures TMO's work remains transparent and accountable in its decision-making, enhancing the overall reputation of the organisation, and making it a trusted entity amongst businesses and consumers for the effective resolution of motoring disputes.

Similarly, the Panel is tasked with reviewing the compliance of accredited businesses with outcomes and awards reached by TMO, and in turn, make recommendations for the degree and the nature of action to be taken should they not be adhering to the agreed terms of their accreditation.



ICAP's other key roles are to:

1. Review TMO's casework

When meeting with TMO, ICAP looks at a random sample of adjudication outcomes and final decisions to assess fairness, consistency and reasoning, in line with TMO's Motor Industry Codes of Practice and key consumer legislation.

2. Monitor performance

The Panel also maintains oversight of broader service and complaint trends, including timeliness, case volumes and adherence to quality standards, while placing particular emphasis on how effectively TMO identifies and supports vulnerability, delivers reasonable adjustments, and continues to strengthen the accessibility and inclusivity of its services.

In addition, the Panel closely monitors TMO's progress in relation to its application for ISO 22458 focused on consumer vulnerability, recognising the importance of this work in further embedding best practice in this area, and inclusive service delivery across the organisation.

3. Provide clear and practical recommendations

Following each of the three meetings, ICAP offers clear and practical recommendations designed to strengthen casework quality, reduce operational risk, and improve consistency. For example, recommendations can relate to specific training requirements, or the refinement of existing processes.

ICAP's six core values



ICAP's six core values, "**ATTAIN**", meaning "to achieve", underpin its Constitution and role of providing effective independent oversight and scrutiny of the work undertaken by TMO in the impartial resolution of disputes between consumers and businesses within the automotive sector.

The six core values can be defined as follows:

Accessibility	**An inclusive approach to communication with key stakeholders, recognising vulnerability and making reasonable adjustments where required**
Transparency	**Rationale for recommendations and oversight is clearly communicated and explained**
Trust	**Fair and rigorous, expert-led oversight is fully independent and impartial**
Accountability	**TMO is held accountable for the reasoning, processes and evidence used in its work and decision-making**
Independence	**Independent and balanced scrutiny by Panel members, where the majority are not associated with the automotive sector**
Neutrality	**Evaluation and scrutiny are free of any influence from TMO or any other external stakeholders**



SECTION 2:

Governance and Panel membership

SECTION 2: Governance and Panel membership

Panel representation and rotation

Under the existing ICAP Constitution, and for the purpose of impartiality, only a quarter of individuals sitting on the Panel may be employed within the automotive sector.

Panel members are recruited based on their expertise in areas, such as consumer law, regulatory compliance, dispute resolution, and professional standards. The aim is to ensure a balanced Panel with the right mix of skills coupled with a broad range of experience.

Appointments to the Panel are made through a fair and transparent process, and there is a rotation of terms to bring in new insight while maintaining a consistent approach.

The Panel consists of the following members, who work for, or represent, organisations, including consumer and training bodies, and Trading Standards schemes:



Tim Milsom
ICAP Chair

Tim Milsom has built an extensive automotive career, including 27 years as Director of an award-winning independent garage. A member of the Institute of the Motor Industry, he helped shape national motor trade policy and lectured in Motor Trade Management at Exeter College. At Devon & Somerset Trading Standards, Tim served as CTSI National Motor Trade Lead Officer, acting as a national industry liaison and media spokesperson. He is also the winner of the inaugural National Better Business for All (BBfA) Individual Ambassador Award.



Sarah Terrey
Vice Chair

Sarah Terrey is a Senior Improvement Officer at the Parliamentary and Health Service Ombudsman (PHSO), leading its Service Model and casework policy and guidance. She has been working at PHSO for almost a decade, initially across a range of casework roles, before moving into her current position five years ago. Sarah has also represented PHSO at the Ombudsman Association's casework interest group for the past four years. As part of this role, she has presented with other association members on casework topics at two annual conferences.



Frances Harrison

Frances Harrison was a non-executive board member of The Motor Ombudsman, and has held senior roles across consumer policy bodies, panels, and advisory groups, representing consumer interests nationally throughout her career. Frances was also an Independent Advisory Member of the Commission for Local Administration in England, is on the board of the Consumer Code for Home Builders, and is a member of the Finance and Leasing Association's Lending Code Group. In a voluntary capacity, Frances is Vice Chair of Brighton and Hove Citizens Advice.



Kate Hobson

Kate Hobson has worked in consumer advice since 2002, beginning as a consumer adviser at West Yorkshire Trading Standards. She later led teams within the Yorkshire and Humber Consumer Direct contact centre, before moving into quality assurance. Since joining Citizens Advice in 2012, Kate has specialised in consumer protection law, with a focus on specific protections for energy and post. Her current role focuses on research, ensuring advice accuracy, reviewing online Citizens Advice consumer content, and supporting learning and campaign resources.



Owen Kennedy

Owen Kennedy is a Chartered Trading Standards Practitioner with nearly 40 years' experience. He is the Chartered Trading Standards Institute's national Lead Officer for the motor trade, and has worked extensively across the motor industry throughout his career. Owen currently oversees the South Yorkshire Motor Trade Partnership in Doncaster, supporting more than 80 dealerships. He also manages Doncaster's Primary Authority scheme, providing Trading Standards support to 10 motor groups.



Alistair McCrindle

Alistair McCrindle holds the position of Operations Director at Autotech Training, with more than 20 years' experience in the automotive sector, and has built a career grounded in hands-on expertise, continuous professional development, and a commitment to raising industry standards. Today, Alistair leads operational strategy at Autotech training, and champions innovation in automotive education and driving initiatives that support the development of a skilled, future-ready workforce.



Duncan MacRae

Duncan MacRae is Head of Performance, Quality and Risk at Copart UK, and a member of its senior management team. He brings extensive experience in the motor industry, having previously held a range of senior roles at The Automobile Association (AA). His responsibilities included supplier network management, garage approval, dealership quality standards, and national vehicle recovery schemes. Duncan also previously oversaw garage inspections for The Motor Ombudsman, providing valuable operational insight.



Tim Roberson

Tim Roberson is a former senior economist at the Office of Fair Trading, where he worked for over 20 years on investigations spanning consumer credit, warranties, insurance and banking. His career also includes roles at HM Treasury and the Departments of the Environment and Transport. Tim specialised in unfair contract terms, consumer behaviour and self-regulation. He is a member of the National Consumer Federation's Executive and Legislation Committees since 2010, and previously served on the Consumers' Association (Which?) Council of Trustees.

ICAP meeting frequency

The Motor Ombudsman meets face-to-face with the Independent Compliance Assessment Panel (ICAP) three times a year. Their objective is to discuss a representative sample of cases that The Motor Ombudsman has worked on across its four Codes of Practice, and for ICAP to assess the performance and effectiveness of the organisation in respect to core aspects or its decision-making, such as fairness, reasoning and impartiality.

Ethical standards

Members of ICAP adhere to strict ethical standards that reflect the responsibilities of providing impartial oversight. All Panel members are bound by the requirement of confidentiality due to privileged access to data in relation to consumers, businesses, and staff, as part of meetings and discussions with The Motor Ombudsman.

ICAP members must equally declare any potential conflicts of interest and withdraw from discussions where impartiality could be affected. These standards help ensure that the oversight function remains credible, trusted, and aligned with the expectations placed on an independent panel working within an Ombudsman setting.



Overview to the ICAP Constitution

The ICAP Constitution sets out the governance framework under which the Panel operates. It ensures transparency, and provides a reference point for consistent, fair and accountable oversight, and outlines the key areas mentioned below.

How Panel members are appointed

The criteria used to select individuals with relevant expertise and experience in areas such as consumer protection, dispute resolution, regulation and compliance. Members are appointed through a structured process designed to ensure an appropriate balance of skills and knowledge.

How the Panel maintains its independence and impartiality

The requirements for members to declare any actual, potential or perceived conflicts of interest. Members must act objectively, exercise independent judgement, and avoid participating in discussions or reviews where a conflict may arise.

The Panel's responsibilities and scope of oversight

Reviewing activities across TMO's operations, identifying themes, trends and areas for improvement, and providing constructive challenge and recommendations to support continuous improvement.

The approach to case reviews

The selection and examination of closed case files to assess the quality, consistency and fairness of decision-making, compliance with policies and procedures, and adherence to established service standards.

Decision-making and reporting arrangements

How meetings are conducted, how conclusions and recommendations are reached, and how findings are recorded and reported to TMO's leadership and Board.

Standards of conduct and confidentiality

Ensuring that information reviewed by the Panel is handled appropriately and that members uphold the highest standards of professionalism and integrity.

The Constitution also clearly defines the boundaries of the Panel's role, namely that ICAP provides independent oversight and challenge, but does not replace TMO's internal quality assurance, compliance or management functions, nor does it intervene in or influence the outcome of live cases. Instead, it focuses on providing assurance, identifying opportunities for improvement, and promoting confidence in the fairness, quality and effectiveness of TMO's services.

The ICAP Constitution

Governance framework for independent, fair and accountable oversight

Panel Appointments



Structured selection based on expertise, balance of skills and independent challenge

Independence & Impartiality



Conflict declarations, objective judgement and withdrawal where needed

Oversight Responsibilities



Review TMO operations, identify themes and recommend improvements

Case Review Approach



Closed case files assessed for quality, consistency and fairness; learning not re-investigation

Decision-Making & Reporting



Meetings, conclusions, recommendations and reporting to leadership and Board

Conduct & Confidentiality



Professional standards, integrity and appropriate handling of information

ICAP provides independent oversight and challenge, but does not replace TMO's internal assurance, change or influence any case outcomes.



SECTION 3:

Executive summary

SECTION 3: Executive summary



Tim Milsom
ICAP Chair



Reflecting on the last 12 months, 2025 has been another exceptionally positive year for The Motor Ombudsman. Before detailing the great progress made, I would like to extend my sincere gratitude to all members of the Independent Compliance Assessment Panel (ICAP) for their unwavering commitment and contribution. In particular, I would like to thank Sarah Terrey for her continued exemplary work as Vice-Chair, and Duncan MacRae, who is retiring from the Panel after more than a decade of dedicated service, and where his extensive expertise has proved invaluable to ICAP.

As one chapter closes, and another opens, we were pleased to welcome Alistair McCrindle to the Panel – an individual who brings a wealth of technical knowledge and industry experience within the sphere of the automotive sector.

Key achievements and core areas of focus in 2025

Throughout the year, ICAP reported a number of positive developments, which are as follows:

1. An enhanced auditing process

2025 saw the successful rollout of an enhanced assessment process for businesses accredited to the New Car, Vehicle Sales, and Warranty Product Codes of Practice. The new system prioritises accessibility through improved user interfaces and streamlined digital forms, making it easier for businesses to demonstrate and maintain compliance.

2. Oversight of business compliance

The Panel continued to oversee the operation of its points-based disciplinary system, which remains a vital safeguard within the accredited business compliance framework. Any business reaching the 80-point threshold is automatically referred to ICAP for formal review, ensuring that persistent or serious breaches of the Codes and compliance regime are subject to independent challenge and scrutiny.

3. Monitoring of consistency

2025 saw unprecedented demand for TMO's services, with the organisation reaching the milestone of one million consumer contacts as an Alternative Dispute Resolution (ADR) body. Despite these record volumes, ICAP maintained oversight of decision-making consistency, to ensure that TMO's independence and impartiality were not compromised.

It is important to note that while AI has many benefits.

4. The protection of vulnerable consumers

Protecting vulnerable consumers remained a priority throughout the year, and focused on TMO's application to achieve the ISO 22458 accreditation. ICAP actively supported initiatives aimed at improving accessibility, and championed those to allow the service to stay accessible to all. This includes the potential development of enhanced guidance materials, such as a tutorial video for the homepage of the TMO website, to help consumers better understand and navigate key stages of the dispute resolution process.

5. Evolution of the Motor Industry Codes of Practice

The Panel also oversaw important updates to all four Codes of Practice to reflect the changing face of the UK's automotive landscape, technological innovation, and shifts in consumer buying behaviour, particularly the growth in demand for of electric vehicles (EVs).

On this point, the Codes saw the addition of a new series of sections and commitments to reflect the incorporation of new systems within vehicles, the expansion of manufacturer retailing channels, the wide range of insured and non-insured products and services now on offer to customers when purchasing and owning a car, and the growing prominence of alternative fuelled vehicles (AFVs).

6. Governance and Constitutional updates

ICAP initiated a comprehensive review of its Constitution – the first major update since April 2022, to ensure the Panel remains fit for purpose.

Governance and oversight have been strengthened through updates to the ICAP Constitution and related processes. They focus on improving clarity, ensuring impartiality and enhancing transparency, and include stronger provisions around conflicts of interest and eligibility criteria.

The move to formalise non-disclosure agreements (NDAs) and appointment terms, alongside more structured reporting and standing agenda items, reflects a more mature and consistent governance framework.

Another key change brought by the new Constitution is the review of Panel member terms to ensure rotation following the end of the defined periods.

In addition, AI has also been implemented for the purpose of minute-taking during Panel member meetings, with TMO to capture and summarise key discussion points more extensively, and to have a full record of proceedings.

7. Promotion of "SMART" Recommendations

Finally, ICAP continued to promote the use of SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) recommendations within adjudications. By sharing recurring themes and recommendations with Code groups, the Panel seeks to drive meaningful improvements in business practices and reduce repeat consumer detriment.

8. Closing remarks

Looking ahead, there is also a strong case for considering whether accreditation to an ADR provider should, over time, become a mandatory feature of doing business in consumer-facing areas of the motor industry. Such an approach would help to reduce consumer detriment by creating more consistent access to independent redress, narrowing the current gaps in protection across sectors, and ensuring that consumers are less likely to be left without an affordable and clearly signposted route to resolve disputes.

This is particularly important at a time when wider evidence from the Department for Business and Trade's Consumer detriment survey 2024 shows that detriment remains widespread across the UK, and when the value of many used car disputes can exceed the £10,000 small claims threshold in England and Wales, increasing the financial risk and complexity for consumers who may otherwise have little option but to pursue matters through the courts.

While any move towards mandatory accreditation would require careful consultation and proportionate implementation, the potential public benefit is clear: stronger and more uniform consumer protection, lower barriers to redress, and a fairer, more accountable marketplace for both motorists and businesses.

The following annual compliance report provides evidence that the work of TMO is adhering to its set objectives, and is compliant with the requirements of:

- The Ombudsman Association Service Standards Framework; and
- The Chartered Trading Standards Institute (CTSI) to be an approved ADR body, and to be part of its Approved Code Scheme.



SECTION 4:

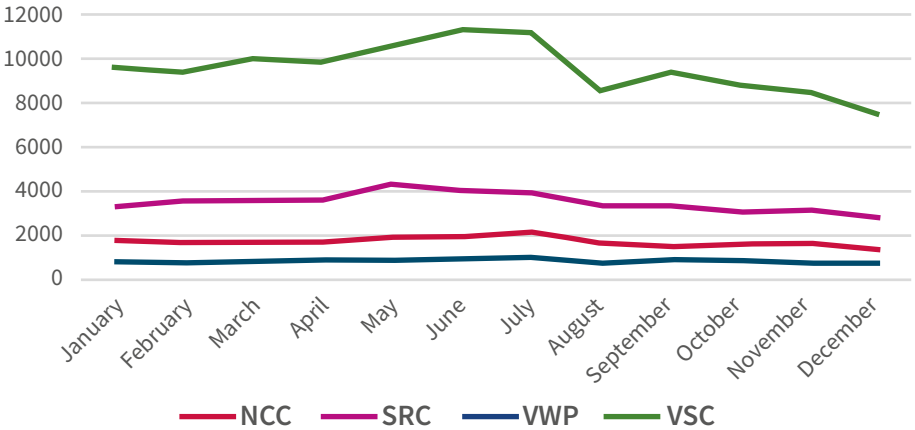
2025: The year in numbers

SECTION 4: 2025: The year in numbers

TMO consumer contact volumes by Code

	2023	2024	2025	2025 v 2024
Vehicle Sales Code	78,759	92,795	114,361	▲ 21,566 (+23%)
Service and Repair Code	33,520	40,528	42,268	▲ 1,740 (+4%)
New CarCode	17,922	17,708	21,127	▲ 3,419(+19%)
Vehicle Warranty Code	7,907	8,898	10,688	▲ 1,790 (+20%)
Code Contacts	138,108	159,929	188,424	▲ 28,515 (+18%)
Non-Code Contacts	9,899	15,399	12,561	▼ 2,838 (-18%)
OVERALL TOTAL	148,007	175,328	201,040	▲ 25,712 (+15%)

Consumer contacts by Code in 2025



Vehicle Sales Code:
23% increase *(+21,566) v 2024*

Service and Repair Code:
4% increase *(+1,740) v 2024*

New Car Code:
19% increase *(+3,419) v 2024*

Vehicle Warranty Products Code:
20% increase *(+1,790) v 2024*

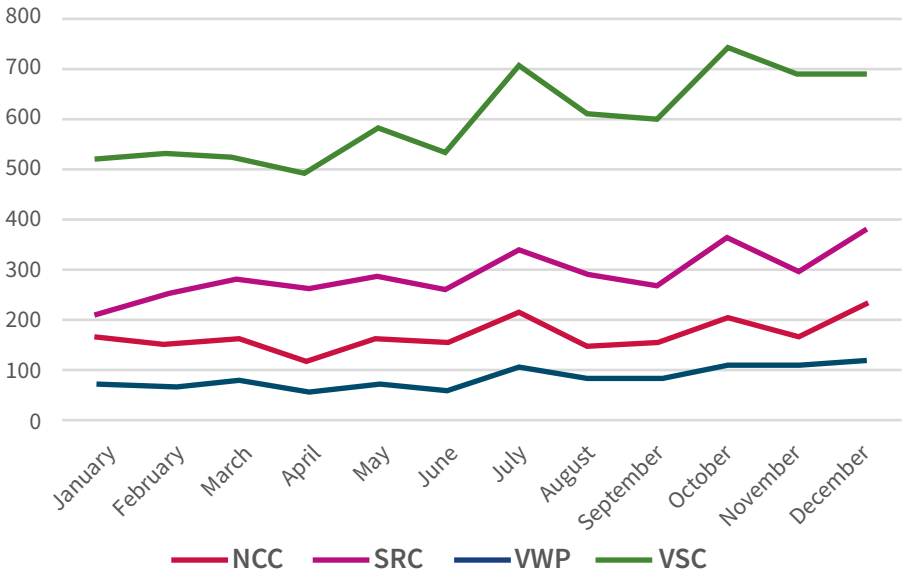
Consumer contact volume analysis

- Consumer contacts rose by nearly a fifth (**15%**) between 2024 and 2025, with the volume surpassing 200,000 in a single year for the first time (**201,040**). This is the result of not only growing awareness of The Motor Ombudsman as an authoritative point of assistance for motorists, but also a more challenging and complex automotive consumer landscape as consumer finances remain under pressure.
- Similarly, all four Codes of Practice saw the highest ever contact volumes in a single year, with the **Vehicle Sales Code** posting the largest annual rise in contacts at 23%, and setting a new record of more than 100,000 contacts for a calendar year. These were predominantly related to an issue with a used car.
- With the fewest number of accredited businesses, but the largest portfolio to date, the **Vehicle Warranty Products Code** witnessed a 20% jump in contacts, surpassing the 10,000 mark for the first time.
- A similar trend was seen for the **New Car Code**, with contacts increasing by 19% to go beyond 20,000 annual contacts, whilst the **Service and Repair Code** showed only a slight change in volume of 4%.

TMO accepted adjudication case volumes by Code

	2023	2024	2025	2025 v 2024
Vehicle Sales Code	4,289	5,768	7,244	▲ 1,476 (+26%)
Service and Repair Code	2,430	3,034	3,510	▲ 476 (+16%)
New Car Code	1,533	1,888	2,054	▲ 166 (+9%)
Vehicle Warranty Code	640	832	1,042	▲ 210 (+25%)
TOTAL	8,892	11,522	13,850	▲ 2,328 (+20%)

Accepted case volumes by Code in 2025



Vehicle Sales Code:
26% increase *(+1,476) v 2024*

Service and Repair Code:
16% increase *(+476) v 2024*

New Car Code:
9% increase *(+166) v 2024*

Vehicle Warranty Products Code:
25% increase *(+210) v 2024*

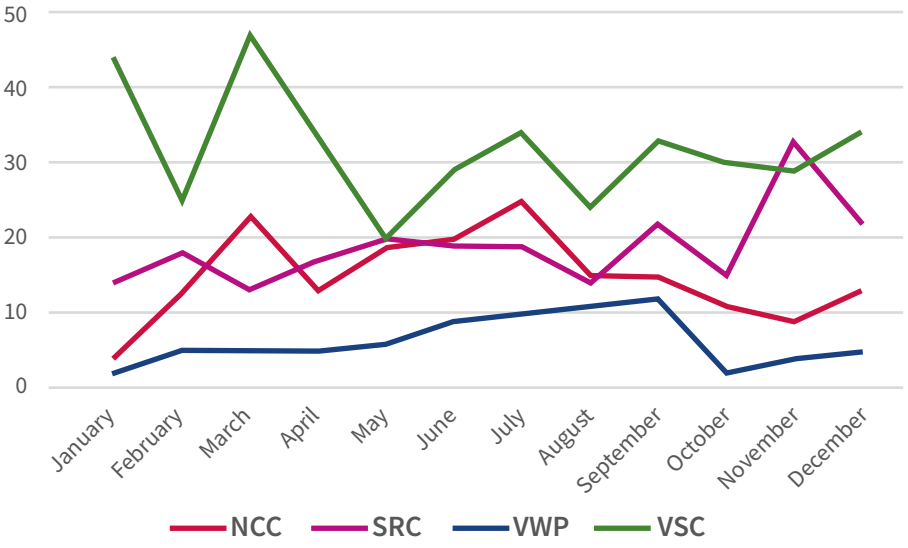
Accepted adjudication case volume analysis

- The **Vehicle Sales Code** continued to generate the largest volume of accepted adjudication cases in 2025, with **7,244** cases (up 26% from 5,768 in 2024), reflecting its prominence as the main source of consumer disputes across the four Codes.
- The **Service and Repair Code** accounted for the second-highest number of accepted cases, at **3,510** (rising 16% from 3,034 the year before), underlining the continued importance of repair quality, workmanship and garage service standards in consumer complaints.
- Accepted cases under the **New Car Code** reached **2,054** in 2025 (up 9% from 1,888 in 2024), showing that new car warranty and manufacturer-related disputes remained a significant area of activity.
- The **Vehicle Warranty Products Code** recorded the lowest volume of accepted adjudication cases, at **1,042** (an increase of 25% versus 2024), but still represented a notable area of dispute in relation to warranty products and claims handling.

Consumer cases passed to an Ombudsman for a final decision (FD) (2023 – 2025)

	2023	2024	2025	2025 v 2024
Vehicle Sales Code	634	447	382	▼ 65 (-15%)
Service and Repair Code	379	234	226	▼ 8 (-3%)
New Car Code	228	162	180	▲ 18 (+11%)
Vehicle Warranty Code	107	42	76	▲ 34 (+81%)
TOTAL	1,348	885	864	▼ 21 (-2%)

Consumer cases passed to a final decision by Code in 2025



Vehicle Sales Code:
15% decrease *(-65) v 2024*

Service and Repair Code:
3% decrease *(-8) v 2024*

New Car Code:
11% increase *(+18) v 2024*

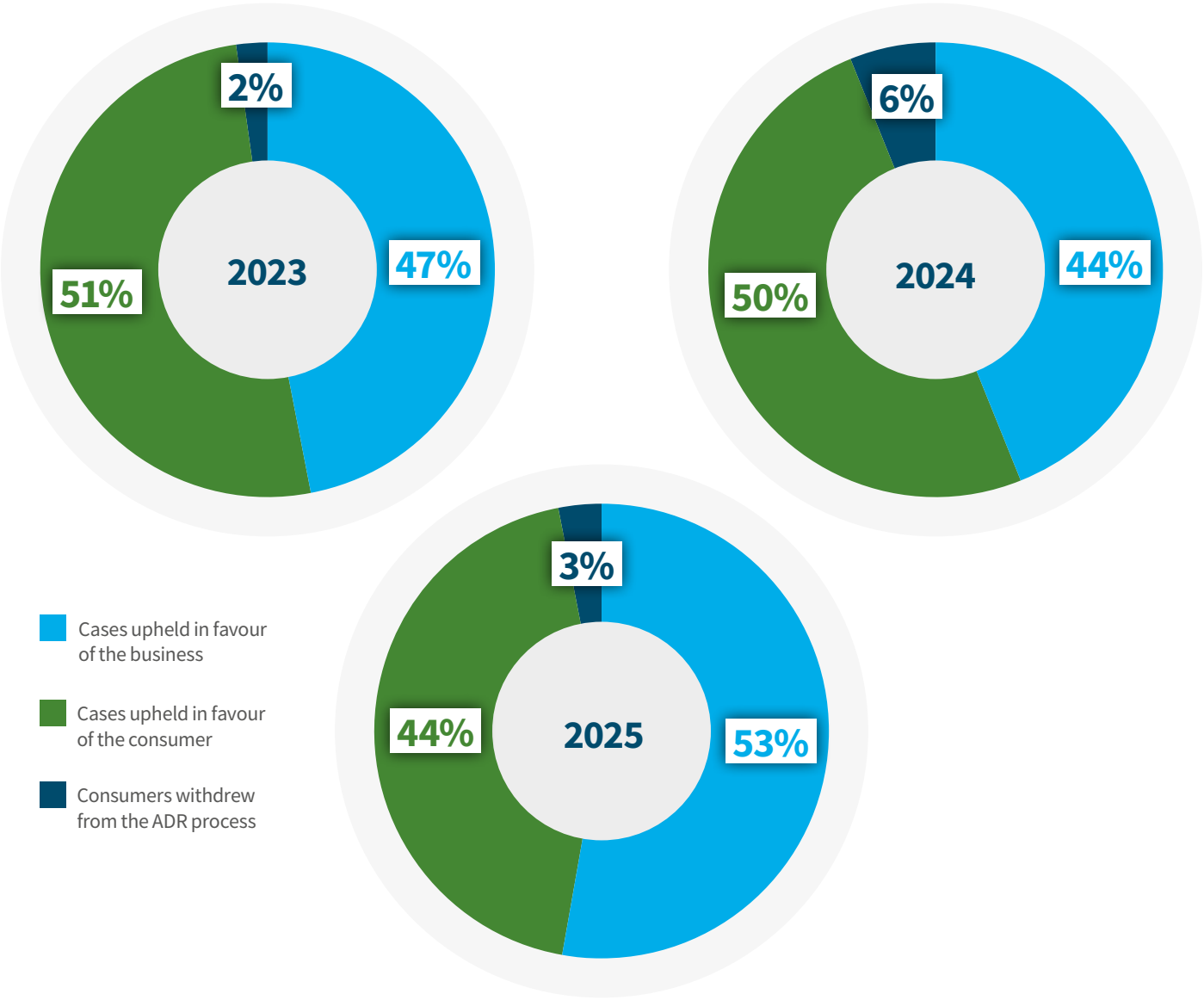
Vehicle Warranty Products Code:
81% increase *(+34) v 2024*

Ombudsman final decisions analysis

- The **New Car Code and Vehicle Warranty Products Codes** were the only Codes of Practice to report a rise in cases being passed to a final decision in 2025, at 11% and 81% respectively.
- The **Service and Repair Code** saw little year-on-year change at just 3%, highlighting a relatively stable picture for this Code of Practice.
- In contrast, the **Vehicle Sales Code** witnessed the largest fall in cases (-15%) being passed to the final stage of The Motor Ombudsman's Alternative Dispute Resolution (ADR), possibly reflecting more disputes being resolved at an earlier stage i.e. at adjudication.

TMO case outcomes

Year	Cases upheld in favour of the consumer	Case upheld in favour of the business	Consumers withdrew from the ADR process
2025	44%	53%	3%
2024	50%	44%	6%
2023	51%	47%	2%

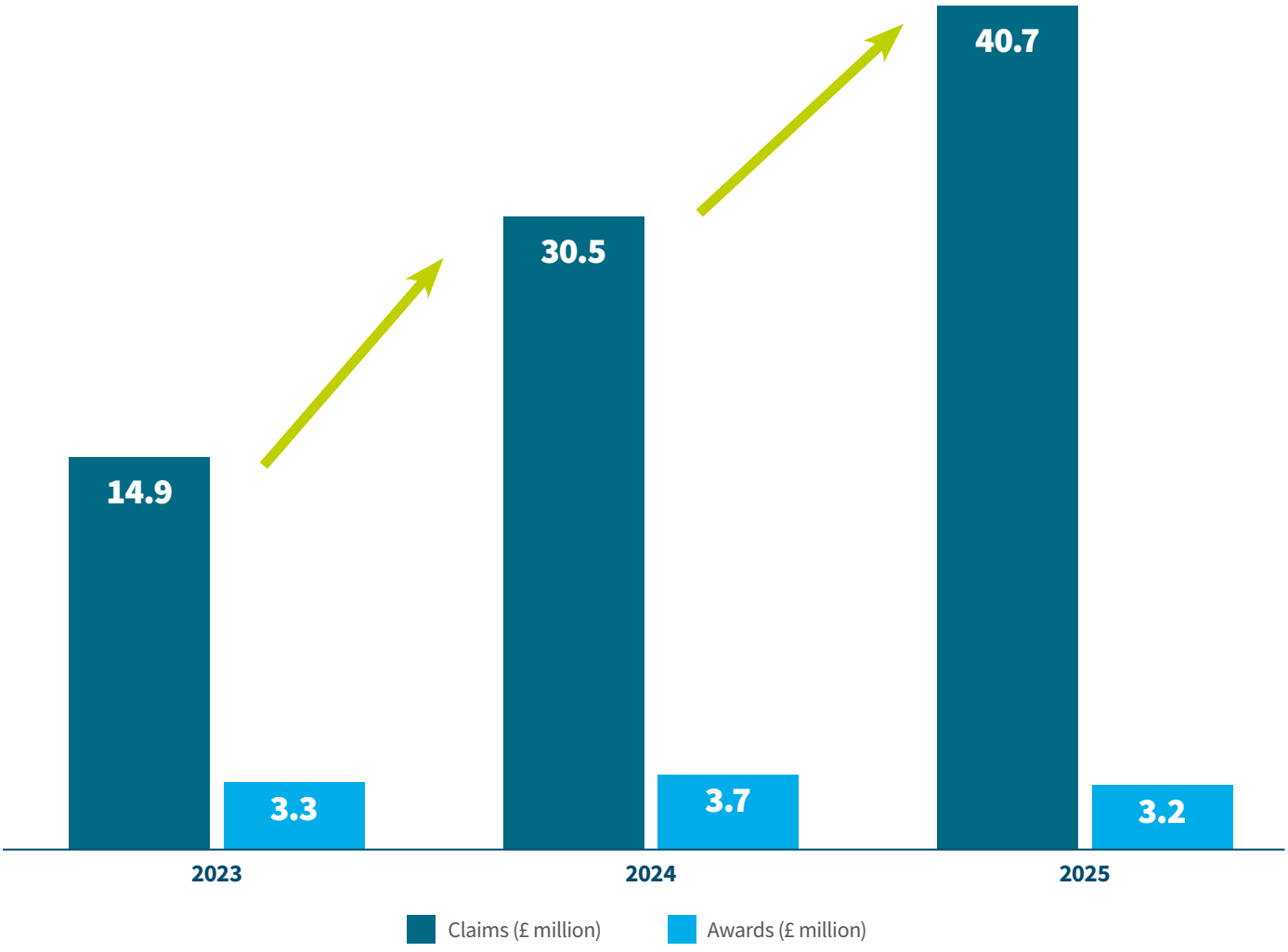


Traditionally, consumer-upheld cases represented the largest share of outcomes at around 50%, but a change in methodology by TMO for 2025 saw goodwill being calculated in favour of the business rather than the consumer outcome (which includes a partial or fully upheld case), explaining the higher uphold percentage for businesses (54%) in 2025 versus previous years.

The data also shows that the proportion of consumers withdrawing from the ADR process fell from 6% in 2024 to 3% in 2025. This represents an encouraging improvement, suggesting that fewer consumers exited the process before receiving an outcome, indicating improving engagement and strengthening confidence in pursuing disputes through to their conclusion.

Consumer claims and awards

Year	Total value of claims made by consumers when submitting a case	Total value of awards made to consumers when a complaint is upheld in their favour	Difference per year between consumer claim values and awards
2025	£40.7 million	£3.2 million	£37.5 million
2024	£30.5 million	£3.7 million	£26.8 million
2023	£14.9 million	£3.3 million	£11.6 million



The value of claims submitted by consumers continued to rise sharply in 2025, reaching £40.7 million, up from £30.5 million in 2024 and £14.9 million in 2023. This sustained growth points to both a higher volume of disputes and the increasing value of the vehicles and remedies involved in complaints brought to The Motor Ombudsman.

In contrast, the total value of awards made to consumers remained comparatively stable over the three-year period. In 2025, awards totalled £3.2 million, slightly below the £3.7 million recorded in 2024, but broadly in line with the £3.3 million awarded in 2023. This indicates that while the overall value of claims has risen substantially, the level of redress granted has not increased at the same pace.

As a result, the gap between the value of consumer claims and the awards given, has widened considerably, rising from £11.6 million in 2023 to £26.8 million in 2024, before peaking at £37.5 million in 2025. This continuing divergence reflects the fact that consumers will often seek the highest possible remedy when submitting a case, such as a refund, rejection or replacement vehicle, whereas the final award is determined on the facts presented in the evidence, and what is considered fair and proportionate in the circumstances.

Overall, the table highlights a clear trend of escalating claim values alongside relatively steady award levels, reinforcing the growing disparity between what consumers seek at the outset of a dispute, and the outcomes ultimately awarded following investigation.



SECTION 5:

ICAP operational observations

SECTION 5: ICAP operational observations

As an Ombudsman, it is important that AI is never used for the determination of case decisions – this is always subject to human evaluation and judgement.

ICAP has made the following observations in relation to TMO's operations in 2025.

The integration of AI analytical tools in TMO casework

Artificial Intelligence (AI) is becoming a core operational tool, although benefits depend on improved data structure and consistency.

AI case summarisation has progressed from concept to testing and live pilot phases, with early outputs considered highly accurate. Testing has included staff review activity, with plans for a full roll-out. The effectiveness of AI is dependent on structured evidence inputs, and driving the development of consumer and business portals.

Going forward, additional AI tools are being trialled, including a paralegal-style assistant and AI-supported risk and data analysis.

Training addresses key knowledge gaps

Training is actively used to address operational risks and performance gaps. This includes refresher courses on vulnerability, signposting and decision consistency, alongside onboarding for new staff.

Training is well embedded and aligned to operational needs, supporting continuous improvement, whilst it is also used to respond to trends in data incidents and complex case types.

File quality from consumers remains a concern

There are ongoing issues with large volumes of unstructured and irrelevant documentation supplied by consumers, including duplication. A planned enhancement to the case system to improve this aspect of the process is the introduction of a more structured submission via a consumer portal where documents will need to be clearly labelled.

There will also be changes to document and file requirements, alongside improvements to postal and other non-digital processes, to better support accessibility and meet the needs of vulnerable consumers who may be unable or unwilling to engage online.

Communication and clarification are in focus

There is a strong focus by TMO on improving clarity and consistency of communication throughout the dispute resolution process. Key steps taken include, a clearer distinction between complaint stages, simplified consumer-facing materials, and the improved explanation of decisions.

Case volumes and review times remain high

Case volumes have increased significantly during the year, putting sustained pressure on operational workflows. Similarly, end-to-end timelines remain above target, with backlogs driven by complexity, and onboarding time for new staff and high evidence volumes. However, there have been improvements within the dispute resolution process, including reduced delays for adjudication decisions, lower triage queue days, and reduced escalation rates.

Several online webinars and training programmes were delivered

During the course of 2025, The Motor Ombudsman hosted online webinars and training courses for accredited and non-accredited businesses, touching on key subjects impacting the automotive sector. The highlights are as follows:

- **February / March:** Webinars on key updates to The Motor Ombudsman's Motor Industry Codes of Practice
- **March:** Consumer Law 101 training
- **May:** Annual Automotive Insights: Business & Law Conference in association with Radius Law
- **October:** Finance Compliance / Consumer Law 101 training
- **November:** Mechanical training for non-mechanical people / Data Protection 101 training / Automotive Insights webinar



SECTION 6:

TMO operational improvements

SECTION 6: TMO operational improvements

Throughout 2025, TMO implemented a range of operational and governance improvements aimed at strengthening the effectiveness, transparency and consistency of its dispute resolution services. A key area of development is the increased use of technology and digital tools. The organisation has progressed the introduction of consumer and business portals to streamline evidence submission and improve case handling efficiency.

Alongside this, AI has been introduced to support case summarisation and minute-taking, helping to manage high volumes of complex information while improving consistency and productivity. These tools are being gradually integrated into live systems, with testing indicating enhanced accuracy and efficiency in handling case data.

There has also been a clear focus on improving case handling processes and service delivery. TMO has taken steps to reduce adjudication times, and improve backlog management and communication with consumers and businesses.

Recruitment of additional staff and the introduction of structured processes, such as clearer evidence submission requirements and improved triage, have contributed to measurable improvements in service levels. In parallel, SMART recommendations have been formalised and embedded within systems, allowing for better tracking, reporting and follow-up with businesses to drive continuous improvement.

TMO has also enhanced its approach to compliance and quality assurance. Efforts to improve compliance case management, include the development of clearer KPIs, service level agreements and more robust tracking mechanisms. The organisation has strengthened its risk management processes, reducing and prioritising risks within a structured framework, and integrating these into governance reporting. Additionally, improvements to business compliance assessments and self-assessment processes are intended to increase coverage and maintain oversight, despite resource challenges.

Finally, significant progress has been made in consumer experience and accessibility. TMO has improved support for vulnerable consumers through targeted training, updated policies and enhanced accessibility features, such as alternative communication formats and improvements to telephony systems. There has also been a stronger emphasis on clear communication and signposting, ensuring consumers are directed to appropriate organisations where cases fall outside TMO's remit.





SECTION 7:

Business compliance and sanctions

SECTION 7: Business compliance and sanctions

Business compliance monitoring remained a core focus in 2025. During the year, TMO increased engagement with customers, businesses and regulatory bodies, such as the Chartered Trading Standards Institute (CTSI), to address and resolve non-compliance issues as and when they arose.

A badge of reassurance

CTSI requires all Motor Ombudsman-accredited businesses to display the Approved Code logo on their websites. To increase visibility and consumer assurance, an electronic Smart Badge was introduced, enabling consumers to verify a business's accreditation and access its Business Finder profile directly.

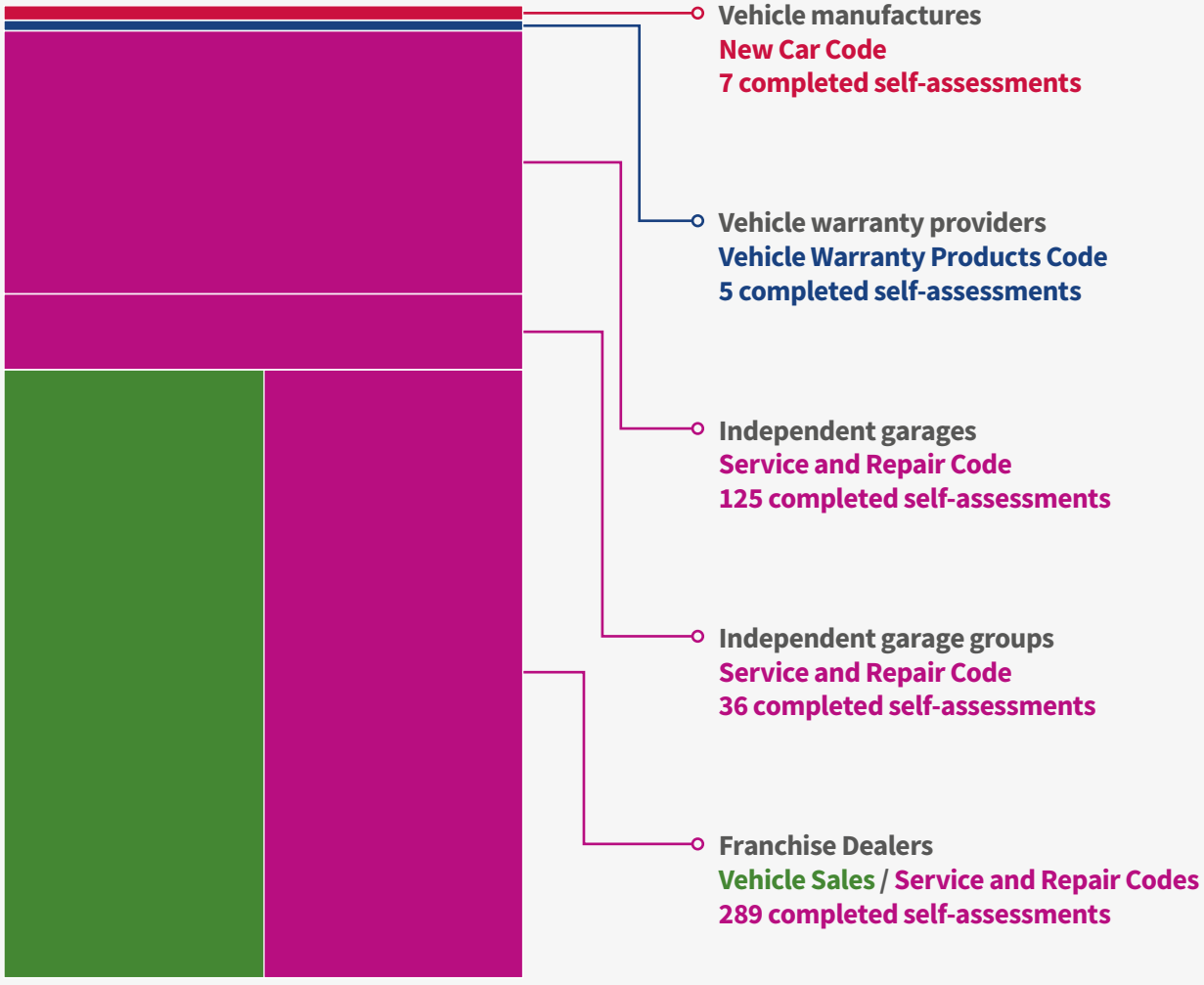
Promoting Smart Badge adoption among new and existing accredited businesses remained a key focus during 2025. TMO also continues to engage with key channel partners to drive enhanced exposure of the Approved Code logo brand.

Business self-assessments

Businesses applying for accreditation to The Motor Ombudsman's Service and Repair and / or Vehicle Sales Codes are required to complete an online self-assessment to demonstrate compliance with the relevant Code requirements. This applies at the point of application and upon annual renewal, and must be completed within 30 days of issue.

During 2025, the following self-assessments were completed under each Code of Practice. This was lower than the anticipated rate of completion in relation to bulk responses from vehicle manufacturers and independent / franchise dealer groups versus the volumes seen in 2024. Further enhancements are being developed to start in 2026, which will be supported by a commitment by businesses to complete the required assessment.

Where assessments were incomplete, TMO provided further guidance to support businesses in resolving outstanding requirements and completing the evaluation.



Managing business non-compliance

Business compliance cases are raised when there have been failures to comply with TMO's decisions (such as at the adjudication and final decision stages), Codes of Practice, and any other requirements laid out in TMO's prescribed terms of accreditation.

Once a compliance case is logged, TMO works with the business in question to resolve the issue brought to TMO's attention. If there is continuous non-compliance, this concern will be escalated to the compliance manager who will liaise with the director of business services and the business to resolve the ongoing issues.

If there is still a failure to comply, then TMO will apply sanctions ranging from penalty points, closer scrutiny, suspension, and ultimately as a last resort, expulsion via ICAP.

Continued non-response and non-compliance

Where a business fails to respond, and issues remain unresolved, further action will be taken by the adjudicator or compliance team, including suspension or referral to ICAP. In cases of non-response or non-compliance, businesses are provided with guidance by the adjudicator as appropriate.

Once a case is referred to the compliance team, attempts are made to contact the business by telephone and email to set out compliance requirements and deadlines. Penalty points are updated where non-response or non-compliance continues, and these may be subsequently removed if compliance is subsequently achieved.





Closer scrutiny

A closer scrutiny process is used by TMO to identify and address areas for improvement among accredited businesses, with a focus on performance enhancement rather than immediate enforcement action. Placement on the closer scrutiny register follows a review of key performance indicators, including complaints, compliance activity and customer satisfaction. Businesses are advised of the corrective actions required, with unresolved concerns potentially resulting in suspension and/or referral to ICAP.

Suspensions / expulsions of accredited businesses in 2025

Following a review of cases by the Independent Compliance Assessment Panel (ICAP), there were no business suspensions or expulsions in 2025.



SECTION 8:

TMO compliance with oversight bodies

SECTION 8: TMO compliance with oversight bodies

CTSI ADR

TMO achieved ADR approval on 24 June 2015 as an Alternative Dispute Resolution (ADR) body for the purposes of the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 and The Alternative Dispute Resolution for Consumer Disputes (Amendment) Regulations 2015.

TMO is continuously monitored under the above legislation and specifically in relation to:

- Access to the ADR body;
- Expertise, independence, and impartiality;
- Conflict of interests;
- Transparency;
- Effectiveness;
- Fairness;
- Legality; and
- Grounds for refusal.

During the recent audit, TMO passed all of the above without any issues.



Compliance with the Ombudsman Association's Service Standards Framework

The Ombudsman Association's (OA) Service Standards Framework, introduced in May 2017, provides a structured framework to support members, including TMO, in improving performance, embedding good practice and demonstrating service quality.

The Framework sets out five key service measures relating to the experience of both complainants and accredited businesses:

- Accessibility;
- Communication;
- Professionalism;
- Fairness; and
- Transparency.

When delivering any enhancements, TMO always assesses its work against the framework above.

CTSI ACS

TMO operates Chartered Trading Standards Institute (CTSI)-approved Codes of Practice under the CTSI Approved Code Scheme (ACS), covering sectors including vehicle sales, service and repair, and vehicle warranties.

The Codes and supporting processes are subject to ongoing monitoring and periodic audits by CTSI to ensure continued alignment with the requirements of the Approved Code Scheme and good practice standards.

Monitoring and oversight under the ACS framework focuses on key areas, including:

- The application and accreditation processes for new businesses;
- Ongoing compliance monitoring and risk-based audit activity;
- The handling of complaints and ADR casework linked to Code members;
- Transparency of Code requirements and consumer information;
- The promotion and correct use of the CTSI Approved Code logo and signposting;
- Effectiveness of compliance, sanction and escalation processes; and
- Continuous reviews of Codes of Practice to reflect legislative, regulatory and sector changes.

Compliance is supported through a structured framework combining self-assessment, targeted audits, complaint intelligence and performance monitoring, ensuring that accredited businesses continue to meet the required standards.

During the most recent audit activity, TMO demonstrated that these arrangements were operating effectively, with controls in place to monitor compliance, and address issues, where identified, to support continuous improvement.



SECTION 9:

Regulatory requirements

SECTION 9: Regulatory requirements

TMO successful passed recent ADR and Code scheme audits. No major non-conformities were identified. The primary area of focus raised during the audit related to overall end-to-end case timescales. This risk has been mitigated through evidence of improving performance trends, active backlog reduction measures and ongoing operational changes aimed at improving timeliness and service delivery.

Progress against the five-year compliance assessment cycle has been below target, largely due to staffing and resource constraints. To address this, additional recruitment and temporary resourcing have been implemented. Compliance activity continues to take the form of remote assessments alongside the introduction of spot checks to strengthen independence and ensure robustness. TMO also works closely with vehicle manufacturers to complete compliance requirements for their networks.

TMO's audit model has evolved towards greater use of online self-assessment processes to improve scalability and reduce cost, and to ensure that standards continue to be met while enabling more efficient delivery.

Audit readiness has been strengthened through improvements in data management, including more centralised storage and increased use of systems and portals. There is also ongoing exploration of AI tools to support risk analysis and proactive audit targeting. The risk register has been refined through structured scoring and enhanced governance oversight, while data incidents and subject access request trends continue to be actively monitored and linked to targeted control improvements and staff training.

End-to-end timeliness remains the principal audit risk, driven by case complexity, backlog levels and the time required for new staff to reach full productivity. Additional risks include delays in compliance assessments due to resource constraints, and the impact of unstructured evidence volumes on audit traceability and complexity in scope and jurisdiction, such as cases involving non-accredited businesses, which can create challenges in maintaining consistency.

To address these areas, further improvements are planned, including strengthening KPIs, service level agreements and tracking mechanisms across both compliance and case handling processes, as well as the recruitment of additional team members. Increased use of automation is being introduced to reduce unresolved cases and improve oversight, alongside enhanced engagement with businesses, particularly where response rates are low. Continued development of portals and AI tools is also expected to support stronger audit trails, improved evidence quality and more effective compliance monitoring.





SECTION 10:

Case decision and service complaint reviews

SECTION 10: Case decision and service complaint reviews

Case decision reviews

Case selection by Panel members

To monitor continued fairness and reasoning behind decisions reached by TMO's adjudicators and ombudsmen, a random selection of cases is made by a nominated Panel member from a pool of cases provided by TMO which have been closed during the previous months, and span the four Codes of Practice and case complexity ratings.

Furthermore, for data protection and impartiality purposes, cases are anonymised with all personal information redacted. Similarly, to ensure an inclusive and broad selection process, cases worked on by different adjudicators and ombudsmen are put forward for review at each of the three meetings throughout the year.

What is TMO's case complexity rating system?

Cases brought by consumers to TMO vary significantly in their scope and level of detail. TMO has developed a **complexity rating** to classify cases based on factors, such as the volume of documentation (the evidence provided by both parties), the difficulty of the subjects involved, the degree to which opinions from businesses and consumers align, the presence of any legal implications, and the number of issues highlighted in the dispute which require resolution.

Complexity is graded using a four-letter and number system. Firstly, '**A to D**' denotes the volume of evidence supplied for review. For example, '**A**' signifies a **limited amount of case documentation**, whereas '**D**' is at the other end of the scale – there is a **significant amount of evidence presented by both parties** for review by TMO.

Similarly, the scale of '**1 to 4**', which is added to the letter, references subject difficulty, with '**1**' being considered a case that can be **resolved in a short timeframe**, whereas '**4**' denotes a dispute that could **involve multiple issues**, in addition to **conflicting opinions and information**.

Therefore, a case with an '**A1**' rating is the **least complex**, with '**D4**' being at the **opposite end of the scale**.



TMO's case response framework

The Panel is given the opportunity to review the distributed selection of anonymised cases for a one-month period, before coming together with TMO at each of the tri-annual meetings to evaluate the case together with adjudicators and ombudsmen. Members are equally given the chance to ask questions in-person, and seek clarification on different aspects of cases.

Panel members draw on their respective expertise to review decisions to ensure they clearly address the key drivers behind disputes, and that they offer fair, well-supported and evidenced rationale for reaching the highlighted outcomes in line with TMO's prescribed dispute resolution process.

The Panel does not seek to change case outcomes, but is tasked with looking to understand the process and thought behind how the decision was made, and to identify if any potential improvements need to be applied to existing processes.

Following the assessment of each case, members of the Panel will reach a joint consensus as to the 'response' to apply on a scale from 'A to C', namely:

- **Response A:** The Panel agreed with the outcome as presented;
- **Response B:** The Panel agreed with the outcome following discussion with the relevant adjudicator / ombudsman; and
- **Response C:** The Panel requested additional information, to be provided at the next meeting.

Service complaint reviews

There may be occasions where consumers express dissatisfaction with any element of the service provided by TMO, which could include factors, such as:

- The time taken to deliver a response;
- The outcome provided; or
- The level of communication provided by TMO.

This is not a channel for consumers to challenge an outcome of a case that involves a TMO-accredited business.

Individuals are able to log a service complaint via a dedicated form on the TMO website, and the relevant team leader or manager from TMO's dispute resolution department will review concerns and provide a response within a 15 working-day period.

Review of service complaints by Panel members

A similar process to case decision rationale is followed for the evaluation of responses to service complaints provided by TMO, in that a random selection is taken from those that have been received during 2025, to encompass a broad range of customer concerns at different stages of TMO's dispute resolution process.

Prior to each meeting, Panel members receive the allocated grouping of service complaints for review, which are in turn, presented by each of the service complaint owners for discussion. At each session, there is the opportunity for members to ask questions to ensure that responses given to consumers address issues clearly, provide strong rationale, and are supported by evidence. Panel members are then able to offer further input or recommendations in relation to the handling of service complaints.





SECTION 11:

Case review summaries

SECTION 11: Case review summaries

The following is a sample of cases for each of TMO's four Motor Industry Codes of Practice that were reviewed by the Panel with the relevant case worker to ensure that the respective outcomes were delivered fairly and correctly.

Please note that the vehicle age and mileage apply at the point when the consumer submitted their complaint to The Motor Ombudsman.

Service and Repair Code



Case 1: Consumer's claim

Case complexity rating	D2
Vehicle age	4 years and 1 month
Vehicle mileage	N/A
Outcome	Not upheld
Award	None

Mr A's four-year-old SUV was recovered to a dealership after breaking down at the roadside. The investigation revealed a coolant leak and an overheating engine, and the business recommended a new thermostat. Following Mr A's agreement to go ahead, the repair took a week to complete, and he was billed in the region of £700 for the work.

However, after collecting the car, and despite being informed by the business that it was in 'perfect condition', the original problem continued, and Mr A returned the vehicle back to the dealership the following day for them to have another look at the car. This time, their diagnostics revealed a new fault with the starter motor, but even though this was fixed, the SUV owner was still having issues, so he went to an alternative dealership, where the fault was correctly diagnosed as being a faulty cylinder linked to the thermostat problem. Mr A was equally informed that, to resolve the issue once and for all, a new engine would be needed at a cost of £7,000.

Not happy with what had happened, the consumer was seeking a free-of-charge repair so as not to be left out of pocket.

The case outcome

In this case, there were five different aspects to consider before the adjudicator could arrive at their decision:

The use of reasonable care and skill

The adjudicator explained that when investigating faults, it is not guaranteed that the proposed repair will fix the problem, particularly when there are multiple issues present. Additionally, sometimes repairing one item will cause another fault to occur.

In this case, the technician focused on fixing the coolant leak, identified as the main cause of the overheating. After the repair, no further fault codes appeared, even following a test drive. The adjudicator noted that addressing the coolant issue first was the most effective and cost-efficient approach, and with the overheating resolved, no further work was required. Therefore, this element of the complaint was not upheld.

Additional damage to the engine

Whilst Mr A's car later required an engine replacement, to hold the dealership accountable for further damage, the adjudicator said that there must be clear evidence demonstrating the business's actions had caused the need for this. However, in the absence of such an implication within the documentation provided, the adjudicator ruled that the dealership had not breached their obligations to carry out their work with reasonable care and skill.

The provision of clear and practical advice

The adjudicator noted that Mr A had claimed that they had been falsely reassured by the dealership that their vehicle was completely fixed after the initial coolant repair. The evidence showed however, that the consumer was informed of fault codes at the inspection relating to the camshaft timing and this was advised to be monitored, along with guidance should the issues return. This demonstrated that the business had taken reasonable steps to ensure clear, practical advice was provided to Mr A in regards to potential future repairs.

Misdiagnosis of the problem

The adjudicator stated that there must be evidence showing that the cylinder fault was present at the time of the dealership's initial inspection and that a technician employing reasonable skill and care would have noticed the coolant leaking into the cylinder. In the absence of such information, they were unable to uphold this aspect of the complaint.

Communication by the business

Having examined the case, the adjudicator was satisfied the dealership sought to address Mr A's concerns. While the consumer said he emailed the business and received no reply, there was insufficient evidence to substantiate this. Therefore, no breach of the Service and Repair Code, in terms of complaints handling, was identified.

Conclusion

In summary, no aspects of Mr A's complaint could be upheld in his favour based on the facts provided, and neither party requested a final decision based on this outcome. The case was closed.



Case 2: Consumer's claim

Case complexity rating	C3
Vehicle age	4 years and 8 months
Vehicle mileage	56,000
Outcome	Goodwill
Award	Multiple offers, including £150

Ms B bought a used '69-plate SUV for nearly £40,000 in January 2022. In October 2023, the consumer took it to a dealership for its annual service, which they paid £1,100 for, and to investigate a noise that had been going on for several months, where the business agreed to waive the cost of the diagnostics.

A health check revealed a faulty turbo, and the business explained that Ms B would need to bring their car back in, and could make a claim under the manufacturer's warranty for the repair, which she did, plus peeling paint was also identified. Over a fortnight went by, but the consumer received no response.

However, a few days before her vehicle was due back to the dealership, the turbo failed, but was then told parts were not available for a repair. Ms B was very disappointed that she had been able to continue driving a vehicle in a 'poor condition', and that the business had not followed up on resolving the issue with the turbo.

In light of what had happened, the consumer was seeking a full refund for the service, as well as compensation for inconvenience caused, as she did not believe it had been carried out to the required standard, but the business instead offered an award of £150, which was considered unsatisfactory by Ms B.

The case outcome

The adjudicator reviewed the evidence presented, and remarked on the following key points:

Standard of workmanship used in the service

The adjudicator found no supporting evidence to back-up Ms B's claim to show that the degree of skill and care applied during the service was substandard. Therefore, this point was not upheld.

Delay in providing parts for repairs

In terms of parts not being available for the repair to Ms B's vehicle, causing a delay to the start of work, the adjudicator explained that a repairer is at the mercy of the manufacturer and could not be held accountable for when components are made available. As such, no further action could be taken in relation to this aspect of Ms B's complaint.

Level of communication from the business

Ms B claimed that she had been forgotten by the business and had not received a response. However, there was no evidence to substantiate this, nor did the dealership accept that there was any wrongdoing, but the adjudicator did recognise that the business had offered an apology for the trouble of booking in the turbo repair.

Compensation

The adjudicator explained that The Motor Ombudsman does not offer compensation awards, but did highlight that Ms B had been kept mobile with a courtesy car, and suffered no financial loss as a result.

Conclusion

From the evidence presented, and having considered each point, no breach of the Service of Repair Code was found, meaning Ms B's complaint could not be upheld. Nevertheless, the dealership had made several gestures of goodwill to the consumer, which the adjudicator endorsed and mentioned that this went beyond the business's obligations.

Case 3: Consumer's claim

Case complexity rating	A1
Vehicle age	5 years and 11 months
Vehicle mileage	N/A
Outcome	Partially upheld
Award	Apology

Mr C purchased a used coupé from a dealership with around 2,000 miles on the clock in May 2018. After around five years of ownership, in March 2023, the vehicle cut out whilst on the motorway, and the consumer went on to the hard shoulder. As the car was still useable, the recovery services advised Mr C to drive to the nearest franchise dealership, where it broke down a further two times on the journey.

The workshop was unable to diagnose the issue despite Mr C being presented with a bill whilst unaware of the cost, and was also told that any repairs would not be covered under the extended warranty that came with the car due to a lack of servicing at a franchise dealer.

The dealership did end up resolving the issue, and Mr C collected the car, but a month later, the same electrical issue occurred. This time, the consumer took the vehicle to another dealership, having lost confidence in the one he had visited previously. The diagnostics revealed a battery and sensor issue, but again, the repairs would not be covered under the warranty, meaning Mr C had to pay £1,800 from his own pocket, despite not accepting that a vehicle that was only five years old could suffer such a sudden and dangerous failure.

The customer made a complaint to the first repairing dealership, and explained he wanted to be refunded in full for what he had spent to get his car back on the road, due to the substandard service and misdiagnosis he had experienced. However, no response was received, much to the frustration of Mr C, and he also deemed to have been misinformed about the warranty coverage and servicing requirements.

The case outcome

Based on the evidence provided, the adjudicator was unable to determine that the dealership's diagnostics service or their assurance regarding the vehicle's safety fell below the expected standard of reasonable skill and care. They also mentioned that Mr C had not provided independent technical evidence that would indicate that the business should have identified the battery and sensor issues during the initial investigation.

Whilst the subsequent reoccurrence of the fault was deemed unfortunate by the adjudicator, this did not conclusively establish a failure in the diagnostic service. The concerns regarding warranty coverage and component longevity for a five-year-old car also fell outside the remit of service and repair standards, with Mr C advised that this may be addressed separately with the warranty provider themselves.

In terms of the standard of communication provided by the business, the adjudicator acknowledged that the dealership could have communicated the diagnostic fee more transparently, but did not justify a financial award.

Conclusion

In summary, the adjudicator recommended that the dealership make an apology for the failings in relation to the customer service Mr C had experienced, and to acknowledge the frustration and inconvenience caused.



New Car Code



Case 1: Consumer's claim

Case complexity rating	D3
Vehicle age	6 years and 8 months
Vehicle mileage	100,000
Outcome	Not upheld
Award	None

Ms D purchased a brand-new SUV from a franchise dealership for around £70,000 in 2017. She started to experience knocking from the differential in the first year – an issue which continued despite the differential oil being tested. The consumer also reported wheel rims which were not fit for purpose, as they had caused tyre blowouts on three separate occasions.

As a resolution to their dispute, the consumer was looking for costs of repair to be covered by the manufacturer under their warranty, as they considered these issues to be defects stemming from how the car was made.

The case outcome

The adjudicator explained that Ms D had the evidential burden of demonstrating that there was a failure by the vehicle manufacturer to accept their claim for the repair of the differential and the rims under the terms of the warranty.

However, the adjudicator noted that the consumer had made no contact with the manufacturer until 2023, when the vehicle was already six years old, and that the warranty was for only three years until March 2020. Therefore, the adjudicator ruled that the manufacturer's obligations to Ms D had expired at this time.

It was also noted that Ms D had not provided evidence of contacting the manufacturer's franchise dealerships in regards to the vehicle issues, nor was there any mention of the differential problem on the annual service records. The adjudicator pointed out that there were, however, incidents of nails in the tyres, which may have contributed to the blowouts Ms D mentioned in her complaint.

Conclusion

After reviewing the facts of the case, the adjudicator found no evidence to indicate that the manufacturer had breached their obligations to Ms D under the New Car Code or the terms of the warranty. As a result, the complaint could not be upheld in the consumer's favour.

Both parties agreed to the decision, and the case was closed.

Case 2: Consumer's claim

Case complexity rating	C2
Vehicle age	3 years and 4 months
Vehicle mileage	31,000
Outcome	Not upheld
Award	None

Mr E purchased a used five-month-old high-performance luxury car from a dealership in December 2019, but the vehicle proceeded to have brake squeal when the brakes were warm. Towards the end of June 2020, the consumer took their car to another dealer to have the issue looked at, and they replaced the brakes at no cost as a goodwill gesture to Mr E.

However, this did not solve the issue, and the brakes were subsequently regreased on five separate occasions. Eight weeks before the three-year manufacturer's warranty was due to expire in July 2022, Mr E contacted the dealership to bring the car back in, but there was a delay in it being seen, by which point the warranty had expired.

As a resolution to his complaint, Mr E was looking for the full set of braking components, including the callipers to be replaced along with the brake discs and pads to rectify the Issue once and for all. Alternatively, he was also open to £3,000 in compensation to allow him to purchase a more reliable aftermarket braking system.

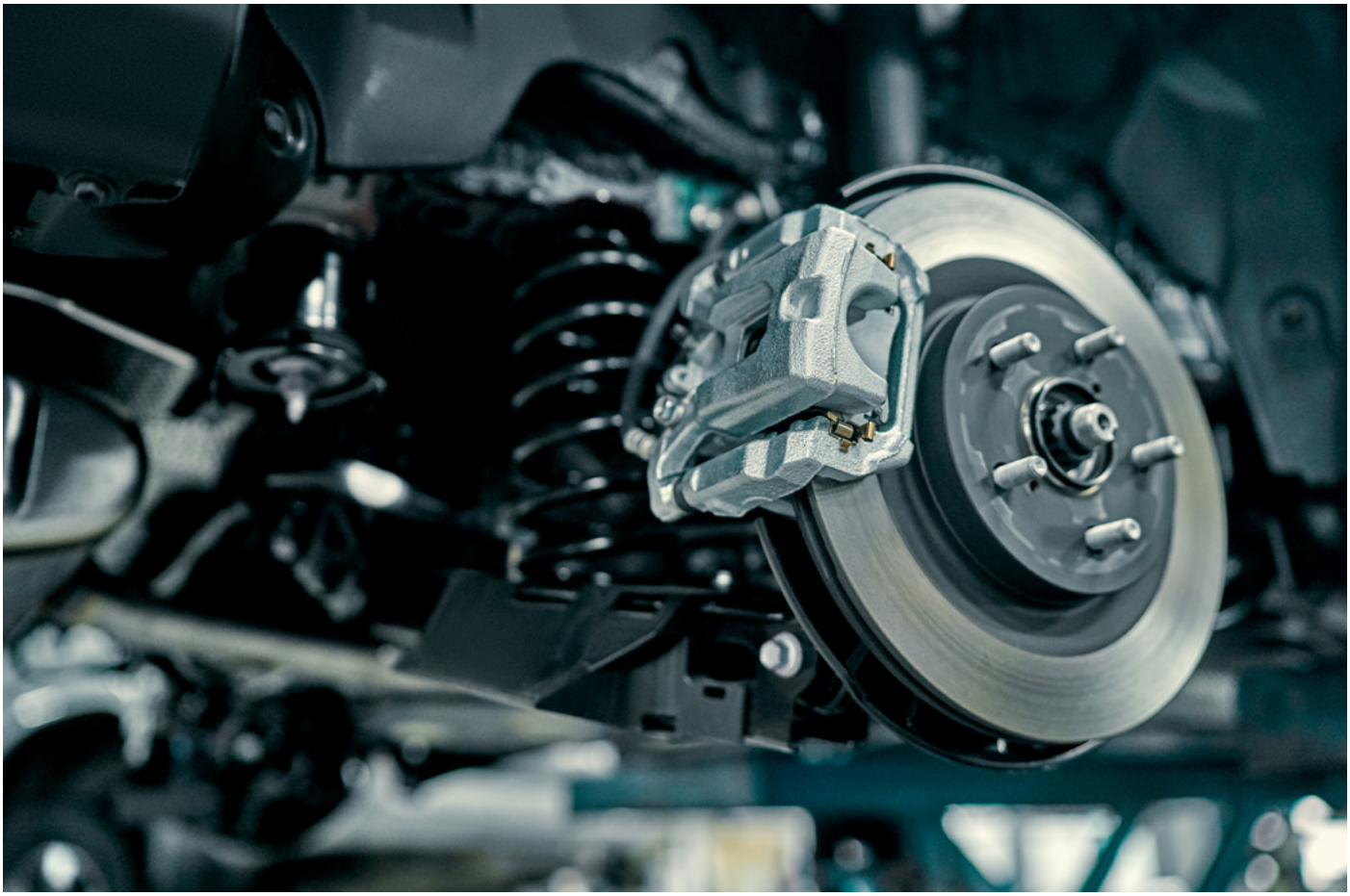
The case outcome

The adjudicator mentioned that it was not disputed that the vehicle suffered from a defect whilst the vehicle was in the warranty period, but the burden was on the consumer to demonstrate that this was a manufacturing fault. From the evidence supplied, there was, however, no documentation to show that this was the case, despite remedial works being carried out to try to rectify the issues highlighted.

Nevertheless, the manufacturer was open to honouring the warranty beyond its expiry, should a defect be found.

Conclusion

Until such time where the defect could be proven as a manufacturing fault, the adjudicator concluded that on a balance of probabilities, the likely cause of the brake squeal was due to external or outside influence, and was unable to uphold the complaint in Mr E's favour.



Case 3: Consumer's claim

Case complexity rating	C2
Vehicle age	1 year and 5 months
Vehicle mileage	4,150
Outcome	Partially upheld
Award	Apology

Ms F bought a brand-new '72-plate family SUV for about £24,000 from a franchise dealership in October 2022. In March 2024, she looked to access the spare wheel well, but the boot floor latch could not be opened, so she went to her local dealer where a mechanic tried to open it without success until they had used a lubricant on the mechanism and applied excessive force – something the consumer was not keen to do herself.

Due to this issue, the dealer contacted the manufacturer to make a claim on the new car warranty, but this was declined on the basis that the latch was considered to be 'trim', and was therefore not covered under the terms.

Ms F disagreed with this decision and wrote to the manufacturer on his own accord, but did not receive a reply. She argued that the latch was a moving mechanical part, plus she explained the technician may have also damaged the latch striker plate when looking to release the boot floor. As a resolution to her complaint, the consumer was after all repairs to be covered free-of-charge under the policy.

The case outcome

The adjudicator remarked that there were two elements to Ms F's complaint, which are as follows:

Claim regarding the boot floor latch

From reviewing the evidence presented, and despite Ms F explaining that she had visited a franchise dealership, and had followed the correct claims procedure, the adjudicator could not see any fault documented or a report from the dealer that had diagnosed the issue.

As a result, and whilst it was difficult to determine where a possible breakdown in communication had occurred, the adjudicator could not take the complaint any further, but recommended that Ms F re-booked her car in with the dealership to generate a report to send to the manufacturer for the purpose of a claim. Therefore, this element of the consumer's claim could not be upheld.

The handling of the consumer's correspondence

When Ms F wrote to the manufacturer, it was noted that she explained that the manufacturer's complaints procedure and signposting to The Motor Ombudsman was not detailed within the warranty document, which the adjudicator acknowledged as being correct, but also stated that the New Car Code requires manufacturers to make procedures available on request.

Whilst the letter did not explicitly state the desire to register a complaint, it was nevertheless made clear that Ms F was dissatisfied with the manufacturer's decision, and cited two references to consumer legislation.

On this point, the adjudicator ruled that the manufacturer had not provided a copy of the dispute resolution process on request, and had not handled Ms F's correspondence effectively. As such, the adjudicator recommended the business make a formal apology in light of what had happened.

Conclusion

The vehicle manufacturer followed the guidance from The Motor Ombudsman, and the case was then closed with no further action.



Vehicle Sales Code



Case 1: Consumer's claim

Case complexity rating	A1
Vehicle age	3 years and 4 months
Vehicle mileage	21,000
Outcome	Not upheld
Award	None

Mr G bought a used '68-plate hatchback in October 2020 from a franchise dealership for around £26,000. Around six months after purchasing the car, the key fobs started to fail intermittently which prevented the consumer from accessing the vehicle.

Mr G took the car back to a local dealership on at least five separate occasions, but despite several attempts, they were unable to fix the fault. The consumer was therefore seeking a full refund for the price paid for the vehicle, and the dealer responded with a goodwill offer of buying the car back for £22,500 considering 18,000 miles had been driven, but this was not accepted by Mr G, meaning the offer was withdrawn.

The business also explained that there had not been any evidence presented by the consumer which demonstrated that the car was of unsatisfactory quality.

The case outcome

The adjudicator reviewed the evidence provided, and said that, whilst they were sorry to hear that Mr G was dissatisfied with their car, they did not consider any gesture of goodwill or redress from the dealer to be appropriate, as there was no evidence that the vehicle was not of satisfactory quality at the point of sale or had a latent defect.

The adjudicator equally noted that Mr G had not allowed the dealership to inspect the vehicle in relation to the key fob issue, which the consumer said was due to living 70 miles away. Based on the facts of the case, the adjudicator was unable to uphold the complaint in the consumer's favour. Mr G disagreed with the outcome and requested a final decision from an ombudsman.

The ombudsman agreed with the adjudicator in that Mr G had not provided any substantive evidence to demonstrate there was any issue with the key fobs, and explained that the goodwill offer made by the dealership was more than reasonable in the circumstances, as they had no obligation to buy back the vehicle.

Conclusion

The ombudsman was unable to uphold the complaint in Mr G's favour, and the case was closed, as this was the final stage of The Motor Ombudsman's dispute resolution process.



Case 2: Consumer's claim

Case complexity rating	C2
Vehicle age	N/A
Vehicle mileage	3,750
Outcome	Partially upheld
Award	Vehicle rejection

Ms H bought a used sports car with around 3,300 miles on the clock for £150,000 from a franchise dealership in September 2022. Two days after collecting it, the consumer contacted the business to report squeaking brakes from the rear of the vehicle. The car went into the dealer's workshop on three separate occasions to try to fix the issue, and during the second visit, new discs and pads were fitted under warranty, whilst on the third occasion, the dealership paid for the replacement at their own cost of around £1,000 despite no faults being found.

However, the problem remained, and the dealership informed Ms H that this was a characteristic of the car – something she was not aware of, as she had not had the opportunity to take the vehicle on a test drive prior to making the purchase.

In addition to this, Ms H also explained that they had been told at the point of sale that the vehicle had a full service history, but later realised that it had missed one of the intervals.

The case outcome

The adjudicator explained that there was no dispute that Ms H had experienced a squeaking noise coming from the rear of the vehicle. Whilst the consumer believed this was a fault with the vehicle, the business stated this was a characteristic of the braking system, and noted within their evidence that the manufacturer had produced a video in 2018 which highlighted the potential for brakes to squeak at certain speeds – an attribute which was also reflected within the car's user manual.

In addition, the adjudicator noted that the noise did not have any impact on the use of the car, and did not believe the issue constituted a fault, meaning this aspect of the complaint could not be upheld.

The adjudicator noted that there was in fact one service missing, and that Ms H has been given reason to believe that there was a full history at the time of sale. As a result, the adjudicator awarded a 5% reduction on the sale price, equivalent to £7,500.

Both the consumer and business disagreed with this outcome and requested a final decision, as Ms H believed the future value of the vehicle would be impacted by a sum higher than this amount, whilst the dealership explained that the vehicle was fully serviced in 2021, thereby bringing the car back up to date with its service schedule.

The ombudsman reviewed the case file, and said that, given the issue about the squeaking brakes was widely publicised prior to Ms H's purchase, they were satisfied that the information regarding this issue was in the public domain, and that they had received a high performance vehicle which occasionally produced noises that would not be heard on other vehicles because of this high performance element.

As a result, the ombudsman agreed that this was not sufficient to render the vehicle as being of unsatisfactory quality or unfit for purpose, because it had been demonstrated that the brakes themselves are fully functional. This meant that this aspect of Ms H's complaint could not be upheld.

On the point of the missing service, the ombudsman stated that the servicing history for the vehicle was incomplete, and this information should have been provided to Ms H at the point of sale so she could make a fully informed purchase decision. It was also clear that, despite the business' suggestions that the history would not devalue the value of the vehicle to a great extent, Ms H had produced clear and unequivocal evidence that it would.

Conclusion

Because of the incomplete service history, the ombudsman was satisfied that a logical and proportionate remedy in the circumstances would be to allow Ms H to reject the vehicle with a deduction being made for her use of the vehicle since buying it (around 2,000 miles), equating to a total refund of around £146,000. The case was closed pending no further action.

Case 3: Consumer's claim

Case complexity rating	D2
Vehicle age	1.5 months
Vehicle mileage	700
Outcome	Upheld
Award	Vehicle rejection

In August 2023, Mr I bought a brand-new hatchback from a franchise dealership for around £30,000. Upon collection, he noted issues with the paintwork, a rattle and a fault with the seat cover. As he was still within the first 30 days of ownership, he attempted to reject the vehicle, but the business offered to repair the vehicle instead, which Mr I agreed to.

They kept the vehicle for a fortnight, but returned it with damage to every interior panel. Mr I again requested to hand back the vehicle, but the dealership refused and said that a repair was the only option available to remedy the situation. Mr H felt he had little choice but to pursue this course of action, but still wanted to reject the vehicle for a replacement or a full refund in light of what had happened.

The case outcome

There were two key aspects to consider in this case:

The sale of a faulty vehicle

As the defect had been identified within the first six months of ownership, the adjudicator pointed out that the dealership had the evidential burden of showing that the vehicle currently did not suffer from an inherent fault which was present or developing at the point of sale.

Whilst the adjudicator could not comment on any rattling noise, looking at the photographs provided, it was evident there was a long scratch found in the paintwork as well as what appeared to be a faint cut within the leather seat covering. Furthermore, the adjudicator remarked that a reasonable consumer would not expect their brand-new vehicle to have any such issues, especially within days of buying it.

As such, the adjudicator was satisfied that the vehicle was handed to Mr I in an unsatisfactory condition, meaning the dealership had breached their obligations under the Consumer Rights Act and Vehicle Sales Code, resulting in this aspect of the consumer's complaint being upheld. The adjudicator also agreed that a repair was a proportionate remedy, despite the consumer having the right to reject at the time.

Post-repair concerns

Following the repairs carried out by the dealership, the adjudicator remarked that Mr I had contacted the business immediately to express concerns about the interior damage to his vehicle. From the photos provided, the adjudicator said that there was nothing to suggest that these were existing marks, or that the consumer had caused them.

The adjudicator equally noted that the dealer had acted swiftly to rectify the marks at no cost to Mr I, but these remained unsatisfactory. According to the consumer, the door cards no longer matched, and it was evident that one of the interior panels remained slightly damaged, as did the lower part of the steering wheel. The fact the vehicle remained in an unreasonable appearance after the October 2023 repairs indicated the vehicle was still not of satisfactory quality.

Conclusion

In conclusion, the adjudicator ruled that Mr I would be entitled to reject the vehicle with deductions for use and damages due to the time that had passed under the consumer's ownership. Neither party contested the outcome, and the case was closed.



Vehicle Warranty Products Code



Case 1: Consumer's claim

Case complexity rating	B2
Vehicle age	3 years and 1 month
Vehicle mileage	22,000
Outcome	Not upheld
Award	None

Ms J bought a used '70-plate pickup truck for £28,000 in September 2023, and took out an extended warranty policy. In March 2024, the nitrogen oxide (NOx) sensor failed, so the consumer made a claim on the policy, and waited a month for the vehicle to be seen by a garage. On the day that the pickup was at the workshop, the warranty provider declined the claim on the basis that the part was not covered by its policy.

The consumer disputed this by saying that this component was not on the list of excluded parts, and that the warranty provider was unable to direct her to the section of the policy highlighting this. She also said that the warranty provider had one month to assess and reject the claim with enough notice to let her know it would not be covered prior to the repair.

Ms J was unhappy with the fact that she was left with a bill of £840 to rectify a fault that she thought would be covered under the warranty, and asked for a full refund of this cost so that she would not be left out of pocket.

The case outcome

From the evidence provided, the adjudicator noted that the warranty provider waited to receive the diagnosis from the dealership before making their decision to accept or decline the claim, which was considered reasonable – an investigation which revealed that the failing part was the NOx sensor.

Based on the terms of the warranty, the NOx sensor was not listed under the included components, meaning the cost of repair could not be covered. Therefore, the warranty provider was not obliged to accept the claim or refund Ms J the sum of £840 for the work, and the adjudicator was therefore satisfied that the business had complied with its obligations outlined by The Motor Ombudsman's Vehicle Warranty Products Code.

Conclusion

As no breach of the Code was found, the adjudicator was unable to uphold the case in Ms J's favour. Neither party contested the outcome, and the case was closed.



Case 2: Consumer's claim

Case complexity rating	D3
Vehicle age	12 years and 8 months
Vehicle mileage	118,500
Outcome	Not upheld
Award	None

Mr K owned a '10-plate hatchback and purchased an extended warranty policy in March 2021 when the car was 11 years old and had 105,500 miles on the clock. When taking out the agreement, the vehicle was also subject to a health check by the warranty provider which it passed with no issues.

All was fine with the car until August 2022, and less than 13,000 miles later, when the engine experienced a misfire, and an inspection revealed broken piston rings. As Mr K believed these to be a covered component under the terms of the policy, he made a claim, but this was rejected. The warranty provider explained that they could not approve the claim because there was no evidence that a sudden or unexpected failure had taken place, as the engine was still working albeit with no compression due to worn piston rings.

In addition, the business stated that the issue had been put down to carbon build up, which meant the issue was excluded from coverage under the warranty. Mr K disagreed with this, and requested that the warranty provider paid for the cost of repairs in accordance with the terms laid out in its warranty policy.

The case outcome

The adjudicator reviewed the documentation supplied by the consumer and the business, and stated that it was clear that the piston rings in the vehicle were a component covered by the policy unless any exclusions applied, whilst the engineer's report did not show that the breakdown of the piston rings had been caused by carbon build up or was linked to the engine rebuild in 2013. Therefore, the adjudicator ruled that the business should cover the cost of repairs, and upheld the complaint in Mr K's favour.

However, the business disagreed with this outcome, and requested a final decision from an ombudsman based on the findings of the engineer's report.

The ombudsman looked at the evidence, including the engineer's assessment, which in fact did state that carbon build up had contributed and / or caused the subsequent piston ring failure. Although the piston ring was a covered component, carbon build-up causing a failure of a part was listed as one of the exclusions, meaning the warranty provider was not liable for covering the cost of the repair.

Conclusion

On this basis, the ombudsman did not uphold the complaint in the consumer's favour, and no award was due. Mr K rejected the decision, and could choose to pursue his dispute in a court of law at his own cost should he wish to follow this route, as a final decision is the last stage of The Motor Ombudsman's dispute resolution process.



Case 3: Consumer's claim

Case complexity rating	A1
Vehicle age	7 years and 4 months
Vehicle mileage	51,000
Outcome	Partially upheld
Award	Free-of-charge sensor replacement

Ms L bought a used '66-plate compact executive car from a dealership in May 2021 for £16,000, and took out an extended warranty policy at the time. In June 2023, the exhaust gas recirculation (EGR) cooler and exhaust gas temperature sensor both failed – a cost of repair estimated to be in the region of £2,500.

The consumer therefore submitted a claim, but this was refused by the business on the grounds that these were not listed components, and would not cover their replacement, contrary to the request of Ms L.

The case outcome

The adjudicator noted that the business stated that Ms L had in fact made a claim for the replacement of a faulty Nitrogen Oxide (NOx) sensor, but did not mention the EGR cooler – a part not covered by her warranty agreement, as it is primarily mechanical, according to the wording. Therefore, on this point, the adjudicator ruled that the warranty provider did not have to accept responsibility for the cost of replacing the EGR cooler, meaning Ms L would be liable for this cost.

In terms of the faulty exhaust gas temperature sensor, the adjudicator understood that this was a solid-state sensor used by his car's engine management system to monitor the gases entering the turbocharger. This was a pertinent point, as the agreement covered all solid-state sensors found within the engine management system.

In the absence of any evidence to show the failure of the sensor pre-dated Ms L taking out the policy, the adjudicator remarked that the claim for its replacement was valid as per the terms of the agreement.

Conclusion

In summary, the case was partially upheld in Ms L's favour, and the adjudicator requested that the warranty provider accept the claim in relation to the sensor only. Both parties agreed with this outcome, and the case was closed.





SECTION 12:

Panel recommendations

SECTION 12: Panel recommendations

Over the course of 2025, ICAP put forward the following recommendations for implementation by TMO:

To strengthen case handling and decisions

TMO should continue to build on its strong approach to evidence review and decision-making by further enhancing the consistency and quality of case assessments.

This includes ensuring complaint summaries provide a clear and comprehensive overview of each dispute, supported by robust technical and factual evidence where required.

Continued use of validation checks, such as mileage and technical verification, will help reinforce confidence in outcomes, while further simplifying written decisions will improve accessibility and understanding for consumers and businesses alike.

To improve evidence management and case inputs

Large volumes of documentation, including duplicate and irrelevant material, can present a challenge to efficient case handling and overall process effectiveness. Moving towards more structured approaches to evidence submission, such as clear timelines and labelling, will help improve efficiency and ensure relevant information is captured effectively. There is also a shift towards centralised digital systems, enabling better organisation and accessibility of key information, such as recall data and repair history.

To enhance process clarity for consumers and businesses

To support better understanding of the process, the Panel recommends improving the clarity of how the service operates, particularly in distinguishing between complaints, adjudication and appeals. Simplifying consumer-facing materials, such as welcome packs and FAQs, will help manage expectations, while exploring alternative formats (such as concise explanatory content) may further enhance accessibility. Clearer guidance is also recommended in situations where cases fall outside remit or where businesses do not engage.

To enhance consistency in scope, routing and decision boundaries

There is a need to ensure that cases are correctly identified and managed within remit from an early stage. Reviewing and clarifying Codes of Practice, along with strengthening controls around case routing, will help ensure that cases are directed appropriately and handled at the right stage. Clearer guidance is also needed for complex cases.

To improve the use of insight and continuous improvement tools

There is a growing focus on using case outcomes to drive continuous improvement. Standardising and embedding SMART Recommendations enable the more structured identification of recurring issues, while tracking their implementation supports accountability and follow-up with businesses. Using these insights more systematically will help pinpoint trends, inform process improvements and strengthen reporting.

To strengthen workflow control and operational discipline

Ongoing pressures from increased case volumes and complexity have impacted timelines and backlog levels. Strengthening workflow control through clearer KPIs, service levels and tracking mechanisms will support more consistent case progression and reduce delays. Improvements to post-decision follow-up and earlier preparation of materials for Panel review will also enhance overall operational discipline and ensure more effective oversight.

To develop capability through training and guidance

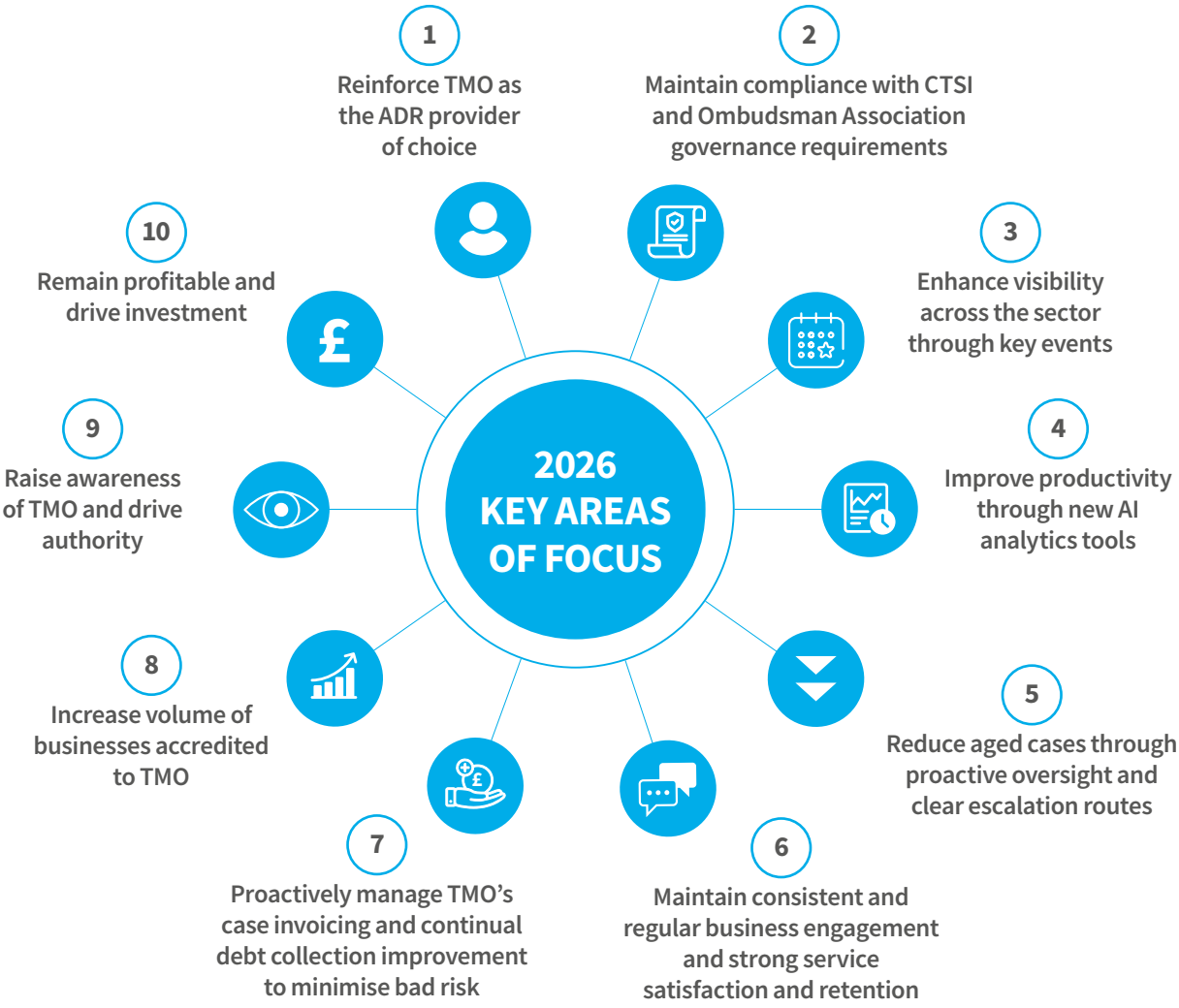
The increasing complexity of cases highlights the importance of continued investment in staff. Targeted training in areas, such as evidence handling, decision writing, communication and signposting will help improve consistency and quality of outcomes. Aligning case allocation with staff experience and expertise will further support the effective handling of complex or sensitive cases, ensuring resources are used efficiently and decisions are robust.



SECTION 13:

Priorities for 2026

SECTION 13: Priorities for 2026



As well as ongoing recruitment, coupled with the enhancement of back-office systems, to ensure that TMO has sufficient resource to assist with the resolution of motoring disputes and maintain the highest standards of service, increasing the volume of accredited businesses (as highlighted by point 8 in the above graphic) remains a particularly important priority because it directly affects the availability of trusted, affordable and clearly signposted routes to redress for consumers.

TMO's own data illustrates the scale of need for assistance resolving disputes via the means of ADR. For example, as highlighted previously, in 2025, consumer contacts rose to 201,040, with the Vehicle Sales Code alone accounting for more than 100,000 contacts, predominantly relating to used cars. Against a backdrop of strained household finances and increased used car purchases during the year – one of the biggest sources of disputes, TMO expects a sustained level of high consumer demand in 2026 as cost of living pressures persist, and AI continues to gain increased prominence amongst consumers as a key source of assistance and guidance when raising a dispute.

The argument for making the accreditation of businesses to an ADR provider mandatory in the future, is reinforced by the Consumer detriment survey 2024, published by the Department for Business and Trade, which found that 72% of UK consumers experienced detriment in the 12 months to April/May 2024, equating to around 38.5 million people, with a net monetised cost of £71.2 billion across the economy. The survey also found that detriment extends beyond direct financial loss, encompassing stress, time costs and wider impacts on wellbeing.

For consumers unable to use an accredited ADR provider (TMO is unable to currently assist around half of those who submit a dispute), the alternative may be to pursue matters elsewhere, often at greater cost and with greater uncertainty via the legal route. This is particularly significant in used car disputes, where average retail prices remain well above the £10,000 small claims threshold for many vehicles. Auto Trader data showed the average price of a used car stood at £16,825 in May 2025, meaning many disputes will fall outside the small claims track in England and Wales.



SECTION 14:

Closing statement

SECTION 14: Closing statement



Bill Fennell
Managing Director



This report demonstrates the important role that independent oversight continues to play in strengthening TMO's work and sustaining confidence in the services that we provide. Throughout 2025, ICAP has delivered rigorous scrutiny, informed challenge and constructive recommendations across a broad range of operational, governance and compliance matters. Its contribution has been instrumental in helping to ensure that our decision-making, case handling and organisational standards continue to reflect the principles of fairness, transparency, independence and accountability that sit at the heart of effective alternative dispute resolution.

The past year has been one of substantial achievement set against a backdrop of sustained and unprecedented demand. As TMO reached the significant milestone of one million consumer contacts, we continued to respond with purpose and determination by investing in the resilience, quality and long-term capability of the organisation. This included the further strengthening of our governance framework, enhancing compliance monitoring and oversight, improving the structure and accessibility of our processes, and progressing the implementation of digital and AI-supported tools designed to support efficiency, consistency, as well as the analysis of evidence – a valuable asset particularly when our organisation is presented with increasingly extensive case files.

At the same time, continued emphasis has been placed on communication, staff development, service quality and the refinement of operational controls, ensuring that TMO remains well positioned to meet the evolving needs of both consumers and accredited businesses in the current climate.

The findings and observations set out in this report also reinforce the importance of continuous improvement in an environment shaped by increasing complexity, rising expectations and a rapidly changing automotive landscape. The work undertaken during the year to improve support for vulnerable consumers, strengthen audit readiness, embed more robust compliance mechanisms, and develop clearer processes for businesses and consumers alike, reflects our commitment to maintaining a service that is not only effective, but also accessible, proportionate and responsive. These developments are essential to ensuring that TMO continues to fulfil its responsibilities as a trusted ADR body and an authoritative voice in promoting high standards across the automotive sector.

As we now turn our attention to 2026, we remain firmly focused on further building on the great strides that we have been making during recent months, including improving timeliness, strengthening the quality and consistency of our decisions, expanding the effective use of smart digital solutions, and continuing to uphold the high standards expected of us by our key stakeholders. Through this ongoing commitment, we will continue to enhance the integrity, effectiveness and accessibility of our service for the benefit of all.

Furthermore, 2026 will also be an exciting year as we will be marking three significant anniversaries over the course of the year through dedicated communications, insight-led content, promotional activity, and events.

Each have played a key role in driving high standards across the motor industry, as well as fairness and transparency in the resolution of disputes. These milestones are namely:

- **Half a century of the New Car Code** serving the automotive sector since it was introduced back in 1976 – an evolved and comprehensive Code of Practice focused on the supply of new vehicles and warranties by manufacturers;
- **10 years of the Vehicle Sales Code** – a Code of Practice that continues to remain unrivalled in its scope and coverage for the sale of both new and used cars; and
- **A decade of TMO** as an authority and beacon of best practice in the motor industry, and assisting consumers and businesses to reach fair and swift outcomes in the event of a complaint.

Before I bring this report to a close, I would like to extend my sincere thanks and appreciation to the members of ICAP for their continued dedication, expertise and professionalism, and to colleagues across TMO for their commitment during another busy and highly demanding year.



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