

The complaint

Mr C complains that a car acquired with finance from Tesla Financial Services Limited wasn't of satisfactory quality.

What happened

In November 2021 Mr C was supplied with a car and entered into a conditional sale agreement with TFS.

Mr C experienced issues with the car. The Sentry system didn't work correctly, and the cameras weren't logging footage correctly.

The Sentry system was re-set by an engineer and worked for around two months before the cameras stopped working again.

An engineer looked at the car again but couldn't find a fault. The car continued to go back and forth to the dealership, but the issue wasn't resolved.

In November 2022 an engineer concluded that there was a fault with the Sentry system. Tesla attempted to repair the fault. The system worked for around two weeks before it stopped working again.

In December 2022 the engineer looked at the car again and concluded that a software update was required, but that the update didn't currently exist and it would be necessary to wait for Tesla in the US to make this available.

Mr C complained to TFS. He said the main selling point of the car for him was the security features and he was unhappy that there was a fault with the Sentry system which hadn't been resolved.

In its final response, TFS acknowledged that the dealership had investigated the issue on at least four separate occasions but said that the Sentry system was a supporting feature and couldn't be relied upon to prevent all security threats.

Mr C remained unhappy and complained to this service.

Our investigator upheld the complaint. He said that it was reasonable to expect that a brand new car should be free from this type of defect at the point of supply. He said the car wasn't of satisfactory quality and said that because the attempts at repair hadn't been successful, Mr C should be allowed to reject the car. The investigator said that TFS should refund the advance payment and refund 10% of all payments made under the agreement.

TFS replied and said that whilst it agreed in principle with the investigators view, it disagreed with the proposed refund amounts. It said that Mr C had enjoyed extensive use of the car and that although it accepted that the issues with the Sentry system constitute a defect for the purposes of the relevant legislation, it didn't think it was reasonable to refund 10% of all monthly payments.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

TFS has already acknowledged that the fault with the Sentry system is a defect for the purposes of the relevant legislation (the Consumer Rights Act 2015) so I won't be commenting further on whether the car was of satisfactory quality at the point of supply.

TFS has also acknowledged that there have been several attempts at repairing the fault with the Sentry system, none of which have been successful. I'm satisfied that the business has had a reasonable opportunity to repair the fault and that the appropriate remedy here is rejection.

Mr C has been able to use the car despite the fault with the sentry system. However, the fault with the Sentry system has impacted on Mr C's use and enjoyment of the car, because the system hasn't been performing as it should. The fault has left Mr C with concerns about the security of the car as the security features that were an important factor in his decision to purchase the car aren't working as they should be. The fault has also impacted on Mr C's use of the car in terms of where he's been comfortable to leave the car, as a result of the security system not functioning as it should. This is impaired use.

Taking this into account, I think its fair to ask TFS to refund a proportion of the monthly payments Mr C has made to reflect the impaired use.

I've also considered the impact that the fault has had on Mr C. He had to return the car several times and has travelled backwards and forwards to the dealership, which has caused inconvenience to Mr C. On one of these occasions, he wasn't provided with a courtesy car and had to sit and wait for several hours. I think its fair to ask TFS to pay compensation for the distress and inconvenience caused to Mr C as a result of being supplied with a car which wasn't of satisfactory quality.

Putting things right

To put things right, Tesla Financial Services Limited must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Mr C

Refund the advance payment of £27,895

Refund 10% of all rentals paid to reflect impaired use

Pay 8% simple interest per annum on all refunded amounts calculated from the date of payment to the date of settlement

Pay £100 compensation for distress and inconvenience

Remove any adverse information relating to the agreement from Mr C's credit file

My final decision

My final decision is that I uphold the complaint. Tesla Financial Services Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 September 2023.

Emma Davy
Ombudsman