

The complaint

Mr A complains about the quality of a car he has been financing through an agreement with Tesla Financial Services Limited, who I'll call "Tesla".

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

What I've decided – and why

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

I know it will disappoint Tesla, but I don't think this car has been of satisfactory quality. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

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

Mr A acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Tesla, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Mr A. The car here was brand new so I don't think a reasonable person would expect it to have any faults, or to experience any, for quite some time.

The relevant legislation explains that when we think about whether a car has been of satisfactory quality we should also consider whether it has been durable.

Mr A took receipt of the car in December 2021, since then he's experienced the following issues with the car:

- Headlights and taillights out of alignment;

- paintwork problems in January 2022;
- missing USB;
- sound system repair;
- condensation in taillights (twice)
- a faulty hood latch;
- further paint problems on rear door;
- HV battery replacement;
- interior light replaced;
- concerns about handling – a third party garage identified a worn bush and misaligned wheels;
- a rattling speaker;
- a misaligned driver's door.

There's some dispute about whether the HV battery has failed prematurely, and the business haven't corroborated the third party garage's findings about the car's suspension. But even if those problems are excluded, I don't think a reasonable person would consider the catalogue of problems Mr A has experienced with the car, within the first year and a half and 16,000 miles, would render it sufficiently durable.

It's for those reasons that I think Tesla should Mr A to reject the car.

Putting things right

Tesla should collect the car at no cost to Mr A and they should end the finance agreement.

They'll need to refund any deposit Mr A has paid and, as he's been deprived of that money, they will need to add interest to that refund.

It's not fair that Mr A has had to pay for the car when it was off the road, but it is fair for Tesla to be allowed to keep some of Mr A's finance instalments in respect of the use he has had from the car. I understand that courtesy cars were provided but it's clear that Mr A's use of the car he had would have been impaired because of the faults he was experiencing and, overall, I think it would therefore be fair for Tesla to refund 15% of any finance instalments that have been paid since faults were first reported (January 2022) and waive 15% of any that were due but haven't been paid. They'll need to add interest to the refund.

Mr A has had to commission a report on the car's condition in order to support his claim. I think that cost has been incurred as a consequence of the car being of unsatisfactory quality. So, Tesla should refund the cost of that report (£207) on provision of proof of payment from Mr A. They should add interest to that refund too.

Mr A has been inconvenienced by these issues. He's had to take the car back to the dealership on several occasions and has had to arrange a third party report on the car's condition. He's also had to escalate his complaint to this service when I think it could have been resolved earlier. In those circumstances Tesla should pay him £400 compensation for the distress and inconvenience he's experienced.

My final decision

For the reasons I've given above I uphold this complaint and tell Tesla Financial Services Limited to:

- allow Mr A to reject the car and end the finance agreement;

- collect the car at no cost to Mr A;
- refund any deposit that has been paid, and the order fee of £100. Add 8% simple interest* per year from the date of payment to the date of settlement;
- refund 15% of all finance payments that have been made from the date issues were first recorded (January 2022), in respect of loss of use and impaired use. Add 8% simple interest* per year to the refund from the date of payment to the date of settlement;
- refund the cost of Mr A's independent report on provision of proof of payment and add 8% simple interest* per year from the date of payment to the date of settlement;
- pay Mr A £400 to compensate him for the distress and inconvenience he's experienced;
- remove any adverse reports they may have made to Mr A's credit file in relation to this issue.

*If HM Revenue & Customs requires the business to take off tax from this interest they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 September 2023.

Phillip McMahon
Ombudsman