

## The complaint

Mrs R complains about the quality of a car that was supplied to her under a conditional sale agreement with Tesla Financial Services Limited ("Tesla").

## What happened

In November 2022 Mrs R took out a conditional sale agreement with Tesla. This was for a brand new car with a cash price of £60,190. Under the terms of this agreement Mrs R was to pay a deposit of £5,450, followed by 48 monthly repayments of £870.56, then a final repayment of £22,270.30

Mrs R says that when she collected the car she immediately noticed there were scratches on the paintwork, and that the top of the instrument panel was kinked. She says she agreed to accept delivery of the car so long as these issues were rectified within a month.

A booking was made for the car to go into one of the manufacturer's service centres in December 2022. That appointment didn't go ahead because there was no courtesy car available for Mrs R. Arrangements were made for a technician to inspect the car at her home address in February 2023. Mrs R received a copy of the service centre's invoice dated 14 February 2023, which reported:

*"Vehicle inspection revealed multiple marks on the body from delivery that require a full body mop/polish to rectify."*

The car was booked into the service centre again in March 2023. Mrs R says that although the car was there for several days, the issues with the paintwork and instrument panel weren't resolved. Mrs R also raised a concern that the rear lights appeared to have water in them, but she says she was told this was within tolerance.

Dissatisfied, Mrs R booked the car in with another one of the manufacturer's service centres in May 2023. But she says when the car was returned to her the issues with the paintwork still hadn't been resolved. She felt their attempts to polish the bodywork had made things worse. Mrs R says she was told there was no problem with the instrument panel, and that it was within specification.

In June 2023 Mrs R made a formal complaint to Tesla, saying she wanted to reject the car due to the issues with the paintwork and instrument panel. She also raised concerns that the windscreen wipers were behaving erratically - sometimes stopping in her line of sight. And she said the in-car app was showing information about the car she'd owned previously, which meant she could see where it was now kept and control its functions.

In response, Tesla said that although the car had received two body polishes to improve the paintwork, they didn't consider the scratches to be a defect. They said incorrect ownership details were showing on the app because she hadn't completed the required steps when she'd sold her previous car.

Tesla said the slight dip in the dashboard is part of the design. They said although Mrs R had told them there was an issue with the windscreen wipers, she hadn't responded to their

requests for more information about this. They invited her to get in touch if she'd like this investigated.

Unhappy with this response, Mrs R brought her complaint to us. She told us that she was now also having problems with the car not locking properly.

One of our investigators asked Tesla for more information. After reviewing the additional photos Mrs R had provided, Tesla offered to have the car's paintwork re-evaluated at a service centre and to carry out a careful polish to resolve her concerns. They said they'd also consider a goodwill voucher of £180 in recognition of Mrs R's experience.

After looking into what had happened, our investigator said she didn't think the car had been of satisfactory quality when it was supplied due to the scratches in the paintwork. As Tesla had already attempted to repair this issue, she thought it was fair that Mrs R should be allowed to reject the car.

To put things right, the investigator said Tesla should end the agreement and collect the car at no further cost to Mrs R, refund her deposit, and pay her £200 compensation for the distress and inconvenience caused. She also thought Tesla should remove any adverse information that had been recorded on Mrs R's credit file about this agreement.

Tesla haven't told us whether they're prepared to accept our investigator's recommendations as to how Mrs R's complaint should be resolved. So, the case has been passed to me to make a final decision.

### **What I've decided – and why**

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

As the finance agreement Mrs R entered into was a conditional sale, I'm satisfied that I can consider her complaint about it. Under this type of agreement Tesla is the supplier of the car, so they're responsible for a complaint about its quality.

The Consumer Rights Act 2015 is relevant to this complaint. It says that under a contract to supply goods, there's an implied term that the quality of the goods is satisfactory. It goes on to explain that things like safety, appearance, finish, and freedom from minor defects can be aspects of the quality of goods.

The standard that's applied is whether a reasonable person would consider the quality of the goods to be satisfactory, taking into account the way they were described, the price and all the other relevant circumstances. I've considered whether the issues Mrs R has experienced with this car would mean it wasn't of satisfactory quality when it was supplied to her.

### **Paintwork**

Tesla say they don't consider surface level scratches to be defects in the paint. But after giving careful thought to this point, I disagree. I'll explain my reasoning.

I bear in mind that this agreement was for a brand new car, priced at just over £60,000. I think a buyer paying that amount of money for a new car is reasonably entitled to expect it to be finished to a good standard. I wouldn't expect it to have minor defects in the paintwork that spoil its appearance.

I've reviewed the service centre's invoice dated 14 February 2023, which records "*multiple marks on the body from delivery that require a full body polish to rectify*". It goes on to say: "*Referring to service centre to carry out further repairs*" and that the required work was "*Correction: Paint defects – denib/polish*".

I note that the invoice records this issue as a paint defect which required a repair. Based on internet research, I understand the "denib and polish" process to mean removal of isolated dirt and dust particles and polishing the affected area.

Based on this evidence, I'm satisfied that there was a defect in the car's finish which required a repair. I consider this to have been a significant defect because it spoiled the appearance of this very expensive car. For that reason, I don't consider it to have been of satisfactory quality when it was supplied.

I'm already satisfied that the car wasn't of satisfactory quality due to the paintwork. But for completeness, I've also considered the other concerns Mrs R has raised about the car.

#### Instrument panel

Mrs R is concerned that the instrument panel may not be fitted correctly due to its shape and alignment. But I'm unable to see any evidence of a fault in the photos she's provided. I've seen nothing to suggest the dashboard or instrument panel has been fitted incorrectly - or in a way that might prevent the airbag from working properly.

#### In-car app

Mrs R feels there's a fault with the in-car app because it's still showing details of the car she owned previously. But I haven't seen any supporting evidence to show this is due to a fault with the system, so I can't rule out the possibility that Mrs R hadn't updated the app correctly when she sold her old car.

But even if this issue was due to a fault, that wouldn't affect what I believe to be the right outcome in this case. I say that because I've seen nothing to suggest it's had an adverse impact on Mrs R. I'm not persuaded that her personal data has been put at risk in any way.

#### Rear lights

Mrs R has provided a photo of the car's rear lights. Although I've studied this carefully, I'm unable to see any sign of water or condensation. I've seen nothing that persuades me there's a fault here.

#### Windscreen wipers

Mrs R says she's experienced problems with the windscreen wipers behaving erratically, and that they sometimes stop in her line of sight while she's driving. But I've seen no supporting evidence of this, so I've been unable to consider this issue any further.

#### Central Locking

Mrs R has provided screenshots of the conversations she's had about the central locking system. She's been advised that leaving her child's car seat installed in the passenger seat

is likely to be causing the car to sense an occupant is still inside - and that this can be resolved by opening and closing the passenger door before locking the car. Mrs R feels this is a flawed design. She doesn't think she should have to open and close the door before it will lock.

I'm sorry to hear Mrs R is disappointed with this feature. But I don't consider this to be a defect. I've seen nothing to suggest the car isn't working in the way it was designed to operate.

### **Putting things right**

I appreciate Tesla have recently offered to arrange for the car's paintwork to be re-evaluated at a service centre and a careful polish to be carried out. But I've seen copies of invoices dated 3 April 2023 and 5 June 2023, confirming the car has already been taken to service centres on two occasions for the issue with the paintwork to be put right. And Mrs R has provided photos taken on 26 June 2023, showing there are still very noticeable marks or scratches on the front and side of the car.

So, I'm satisfied that Mrs R should now be allowed to reject the car. This means Tesla should end the agreement and arrange to collect the car at no further cost to Mrs R. They should also refund the deposit she paid. But Tesla will be entitled to retain any part of the deposit that was paid through a dealer contribution, if applicable.

Mrs R says she was concerned that there might be a safety issue with the car. But I haven't seen anything to suggest it wasn't safe to drive – or that any of its features weren't working properly. And I note that Mrs R had a courtesy car whilst this one was at the service centre for repairs. So, I think it's fair for her to pay for the use she's had of the car throughout the time it's been in her possession.

Mrs R has shared some information with us about the effect this situation has had on her mental health. I'm sorry to hear about that. I don't think Tesla could've known about her particular circumstances. But I do think they'd be aware that she was likely to be caused distress and inconvenience as a result of being supplied with a car that wasn't of satisfactory quality. Mrs R took it back to the manufacturer's service centre on two occasions and also raised a complaint with Tesla to try to get the problems resolved. I think Tesla should pay her £200 compensation for that.

### **My final decision**

For the reasons I've explained, I uphold this complaint and direct Tesla Financial Services Limited to:

- End the agreement and collect the car, at no further cost to Mrs R.
- Refund the deposit Mrs R paid. If any part of the total deposit was made up of funds paid through a dealer contribution, Tesla is entitled to retain that part.
- Add 8% simple interest to the refunded amount, calculated from the date of payment until the date of settlement. If Tesla decide tax should be deducted, they should tell Mrs R how much they've taken off. They should also give her a tax deduction certificate if she asks for one.
- Pay Mrs R £200 compensation for the distress and inconvenience she's been caused.
- Remove any adverse information that's been recorded on Mrs R's credit file about this agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 1 March 2024.

Corinne Brown  
**Ombudsman**