

The complaint

Mr M complains about a car he leases from Tesla Financial Services Limited (TFSL) and that the car was not of satisfactory quality when it was supplied to him. He is concerned about a fault reoccurring and would like to hand the car back and end his agreement with TFSL.

What happened

In December 2021 Mr M acquired a new car through a lease/hire agreement with TFSL. In early 2024 Mr M experienced a problem with the car which affected the car's steering and this occurred while the car was being driven. Mr M says he was unable to steer the car when the fault occurred and it was very lucky this did not cause an accident.

The car was returned to a garage where the fault was repaired. Mr M says this was done in a day and he was provided with a courtesy car while the repairs were completed. Although the car has been repaired, Mr M is concerned about the possibility of the fault reoccurring and he and his wife are now worried about driving the car. He has sought a guarantee from the manufacturer that the fault will not reoccur, but this has not been provided.

Mr M would now like to hand the car back and end his agreement because of the concerns he has about the fault reoccurring. While TFSL will allow Mr M to end the agreement, it requires Mr M to pay a sum to do this and Mr M believe this is an unreasonable amount in the circumstances.

Unhappy with TFSL's response to his complaint, Mr M referred his complaint to our service where it was considered by one of our investigators. In summary, they set out why they did not consider there were sufficient grounds to recommend TFSL take back the car and end the agreement with nothing further to pay. They also set out that TFSL's terms and conditions were not unclear or unreasonable when referring to what Mr M was required to pay if he terminated the agreement early. The investigator did however recommend Mr M be paid a sum of £250 in recognition of the distress and inconvenience he had been caused.

TFSL accepted what the investigator recommended. Mr M did not and maintains his view that he should be able to exit the agreement because of the issue he has experienced and in the absence of an assurance the issue will not reoccur.

As the complaint could not be resolved informally it has been referred to me as the last stage in our process.

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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what

I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

There appears to be no dispute that Mr M experienced a significant problem with the car or that the repairs were carried out without cost to Mr M. I fully appreciate this would have been concerning for Mr M experiencing a significant issue like this while driving the car and that he has reservations or concerns about the fault reoccurring. But for similar reasons to what the investigator has set out already, I am not persuaded Mr M should now be allowed to hand the car back and end his agreement with TFSL with nothing further owed.

Mr M acquired the car through a lease agreement with TFSL and in return for making an initial and then regular monthly payments, Mr M is allowed use of the car during the duration of the 48 month term of the agreement. As this is a regulated hire agreement our service is able to consider complaints about the agreement. As the supplier of the car to Mr M under the terms of the hire agreement, TFSL is bound by the Consumer Rights Act 2015 (CRA) which requires TFSL to supply Mr M with a car that was of satisfactory quality.

Having considered what the CRA says about satisfactory quality, that Mr M was supplied with a new car and the age and mileage of the car when it suffered what is clear to be a significant issue, I am satisfied the car was not of satisfactory quality when it was supplied to Mr M. But as set out above, there is no real dispute about this and the remaining issue is about whether Mr M should be allowed to exit the agreement.

The CRA sets out a number of potential remedies that a consumer would be entitled to where they were supplied with goods that were not of satisfactory quality. When deciding this case my role is to consider what I believe to be fair and reasonable in all of the circumstances of the complaint. I am not bound by the remedies set out in the CRA but they are however in my view relevant in this case when making my decision.

In summary, where a fault that renders the car not of satisfactory quality occurs outside the first 30 days of the agreement starting, the CRA allows a business an opportunity to repair the fault. This has been done in this instance and it was done without cost to Mr M. Mr M was provided with a courtesy car while the car was being repaired and Mr M tells us the repair only took one day.

I agree with Mr M that the issue was significant and this would have been troubling and worrying for him having experienced the fault while driving. Fortunately, the car was not involved in an accident. I can also understand why Mr M and his wife may now be concerned about the possibility of the fault reoccurring and the absence of an absolute guarantee that the issue will not happen again.

However, I have not seen anything to indicate the fault has not been successfully repaired or that it is likely to happen again. Mr M has sought a guarantee that the fault will not occur but I can appreciate why no such guarantee has been provided. The absence however of a guarantee in my view is not an indication about the likelihood of the fault reoccurring. I'm satisfied from the evidence presented here that the fault has been repaired and Mr M should now have confidence in using the car.

It is for these reasons that I have not found that TFSL should be required to allow Mr M to exit his hire agreement and hand the car back with nothing further to pay. The car being repaired, without cost and with relatively little inconvenience to Mr M, is a reasonable remedy in this instance.

The terms of the hire agreement between TFSL and Mr M do refer to termination of the agreement and this is a separate issue to what I have set out above as a remedy for a breach of contract under the CRA. Like the investigator, and for again what are very similar reasons, having considered what the terms of the hire contract set out around termination I am not persuaded these are unreasonable. I have considered Mr M's view around what he considers to be a fair alternative should the agreement end early but I am not persuaded there are grounds to depart from the terms and conditions that both Mr M and TFSL agreed to when taking out the agreement.

When responding to Mr M's complaint TFSL set out the approximate monetary amount that Mr M would be required to pay should he decide to terminate his agreement. This appears to be based solely on the 20 remaining rentals that were due and is equal (approximately) to that amount. But this amount does not appear to be aligned with the terms and conditions set out in clause seven as no reference is made to Mr M's liability being reduced by the net proceeds. This may be because the car had not been returned and sold but I would remind TFSL to ensure that when setting out any liability due on termination that it is calculated in accordance with the terms and conditions of the agreement it has with Mr M and that it is set out clearly for Mr M to understand.

Finally, TFSL has accepted the investigator's recommendation to pay Mr M £250 for the distress and inconvenience this issue has caused him and I am satisfied this is a reasonable sum in all the circumstances here. This amount reflects the concern caused by supplying a car that was not of satisfactory quality and experiencing the fault with the steering. For the reasons set out above this is not intended to reflect any concerns Mr M has in relation to the car after it was repaired.

My final decision

My final decision is that I uphold this complaint and direct Tesla Financial Services Limited to pay Mr M £250 to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 December 2024.

Mark Hollands
Ombudsman