

## **The complaint**

Mr H is complaining that Tesla Financial Services Limited (TFSL) misled him about the nature of the finance agreement that he entered into with them.

## **What happened**

In September 2023, Mr H took delivery of a Tesla vehicle, entering into a Hire Contract with TFSL to do so. The agreement required him to make an advance payment of £10,200 and then pay rentals of around £664 per month for four years. The agreement limited him to 10,000 miles per year with an excess mileage charge to be applied if the car was driven more than this.

In February 2024, Mr H complained to TFSL that the agreement had been mis-sold. He said he'd been approached by a representative of TFSL in August 2023 with an offer of an interest-free Personal Contract Purchase (PCP) agreement or Hire Purchase (HP) agreement. Mr H said he'd asked for a quotation for a specific car, and having received quotes for both HP and PCP, confirmed that he wanted a PCP agreement with a £10,000 deposit and 10,000 mileage limit.

In his complaint to TFSL, Mr H said he wasn't able to sign the agreement until after he'd already collected the car. He says that meant he didn't scrutinise the agreement as he should have done. He asked for the Hire Contract to be replaced by a PCP agreement in line with what he'd originally asked for.

TFSL declined Mr H's request, and he brought his complaint to our service. When he did so, he said that there's a material difference between a Hire Contract and a PCP – the former allows no flexibility whereas a PCP would have allowed him to settle early and/or take ownership of the car. Mr H said no one talked him through the agreement before delivery of the vehicle and if they had, he wouldn't have accepted the finance agreement.

One of our Investigators looked into Mr H's complaint. Although he initially thought the complaint should be upheld, our Investigator changed his mind after TFSL provided more evidence. Our Investigator said the evidence showed Mr H had selected the finance himself. And he said he thought the process Mr H had been through to make the selection was clear. Although he thought it was likely Mr H had intended to acquire the car through a PCP agreement rather than a Hire Contract, our Investigator didn't think it was TFSL's fault that this didn't happen.

Mr H disagreed and asked for the case to be reviewed by an Ombudsman. In doing so, he described his experience of discussions around the vehicle and finance.

Mr H accepted that he signed the contract and didn't pay attention to the terms. But he said he found it hard to accept that within 30 minutes of receiving the email asking him to choose his preferred finance he'd read and acted on the email and ended up with a product he didn't intend to choose and which was objectively disadvantageous. Mr H said the evidence shared by TFSL didn't show the exact process he'd gone through because the interface had changed over time. And he said it suggested he had more choice than he did.

Mr H said he believed that either he was presented with a narrower set of choices than TFSL have suggested to us was available, or he chose one option on the user interface and the system recorded a different option in the back end. He also said a Contract Hire agreement was of commercial benefit to TFSL, and of no benefit to him.

### **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.

Having done so, and acknowledging how disappointing it'll be for Mr H, I'm not upholding his complaint. My reasons are broadly the same as our Investigator's, but I'll explain further below.

The agreement in this case is a regulated consumer credit agreement. So, I'm satisfied this service is able to consider complaints relating to it.

The Consumer Credit Act 1974 says that the finance provider may be responsible if the finance agreement was misrepresented. In this case, there was no finance broker – Mr H entered into the agreement directly with TFSL. So I'm satisfied TFSL are the responsible party for any misrepresentation that may have taken place. The Consumer Credit Act 1974 also says that for a misrepresentation to have taken place, the consumer must have been given a false statement of fact about the finance agreement, and that statement induced them into entering into a finance agreement to acquire goods when they otherwise wouldn't have.

What I therefore need to consider is whether TFSL misrepresented the terms of the finance agreement to Mr H and induced him to enter into a contract he didn't intend to enter into.

Mr H says he entered into this agreement in response to a promotion from TFSL. The promotion was sent to him on 7 August 2023 and offered the opportunity to get a new car on an HP or PCP contract with zero interest. Mr H replied the same day, asking for a finance simulation for a four-year term and 10,000 annual mileage allowance. TFSL asked how much advance payment he was looking at and he asked for a simulation with £5,000 and £10,000. I can see TFSL then sent across a simulation (on 8 August) for both PCP and HP – but Hire Contract details weren't included in the summary email. TFSL later sent him a PDF which also included a Hire Contract option – but with only a £4,000 advance payment.

Mr H says he left a voicemail for the TFSL representative, saying he wanted to go ahead with the PCP option. I've not heard the voicemail, but I don't think it's material to my decision. That's because on 12 August 2023 the TFSL representative emailed Mr H, telling him he'd configured the car in Mr H's account and it was now up to him to go into the account and start his finance application for the terms he wanted. Mr H described this as needing to pay his £200 deposit and then "*choose finance based on [his] preferred terms*".

So Mr H's testimony is that he had a choice of finance options at this point. And this is consistent with what TFSL have said about how their financing arrangements work. They've told us that they don't use finance brokers – instead consumers are asked to select their own finance and apply for this online. TFSL told us they moved from a web-based platform to an app-based platform during the second quarter of 2023 so whilst they thought Mr H would have applied through the app-based platform it was possible his application was through the web-based platform. Although TFSL couldn't show us exactly what Mr H would have seen, they sent us example screenshots of both processes.

Mr H says the screenshots aren't exactly what he saw and that firms are constantly updating and improving their interfaces. But I think it's likely the information given on those screens would have at least been very similar when Mr H chose his finance agreement. Whilst the screenshots don't show full details of the terms and conditions of each type of agreement, they do give a summary and set out the payments required.

In addition, Mr H wasn't committing to the finance at this point – he was simply applying for it. After he applied for his finance, TFSL sent him several emails. These asked him for more information and to resubmit his application documents. All of these emails contained references to "Your Contract Hire". And on 22 August 2023 he was asked to review his Contract Hire offer and confirm the terms in his account.

Mr H replied to this email, saying he wanted to proceed but whenever he went onto the app it was stuck at the finance stage and didn't seem to have been approved. TFSL explained that he'd have to accept the emailed offer to proceed, and TFSL's system prints show that Mr H did this on 26 August 2023. So at this stage, TFSL's system was recording a Contract Hire agreement against Mr H's name, and that's what he accepted.

Mr H paid the £10,000 advance payment on 27 September 2023 and collected the car two days later. He's told us he was taken through some screens by a TFSL representative and asked to sign the agreement on the screen. There's no record of what was said or what Mr H was shown during this conversation but it's reasonable to assume this would have included at least how much Mr H would have needed to pay each month. It's notable that Mr H's payment under the Hire Contract was around £664 per month, whereas he'd been quoted £553 for the PCP agreement with the same initial payment and mileage allowance. As Mr H was seeking an agreement with a lower monthly payment than the agreement he already had, I'd have expected that he'd query an agreement where the figures were over £100 more than he'd been quoted. But I can't see that he did question it.

On 3 October 2023, TFSL messaged Mr H to let him know there was a missing signature on the agreement and asked him to complete it. Mr H then signed the agreement online on 18 October 2023. I'm persuaded the information relating to the key terms and conditions of the agreement was in the documentation that Mr H signed, and so I think it's reasonable to say that he was given an opportunity to review it before signing it. I'm also satisfied that Mr H had plenty of opportunities to raise questions about the finance agreement – there was a period of two months between when he first applied for the agreement and when he eventually signed it.

Taking all this together, I'm satisfied that Mr H applied, whether knowingly or, more likely, in error, for a Hire Contract agreement. I haven't seen any evidence to suggest that the terms and conditions of this agreement were misrepresented to Mr H at any point. Instead, I'm satisfied Mr H chose which type of finance he wanted and that the screens he'd have seen would have shown Mr H the nature of the agreement, the amounts payable and the 48-month term of the agreement.

Mr H's main argument is that he is a well-educated person who is experienced in buying cars so it doesn't make sense that he would have chosen an agreement that disadvantaged him compared to the other options. I appreciate his frustration but unfortunately the evidence suggests this is what happened. And Mr H had numerous opportunities to check what he'd applied for before he eventually signed the agreement.

In summary, I'm not persuaded that TFSL misrepresented the finance agreement to Mr H, and so I'm not upholding his complaint.

**My final decision**

As I've explained above, I'm not upholding Mr H's complaint about Tesla Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 April 2025.

Clare King  
**Ombudsman**