

## **The complaint**

Mr B is unhappy with the quality of a car supplied by Tesla Financial Services Limited using a conditional sale agreement.

## **What happened**

In February 2023 Mr B entered into a conditional sale agreement with Tesla for a new car. The cash price was £61,090.

In December 2023, Mr B contacted the dealership because there was water ingress. Not long after, the car was returned, and repairs were carried out to resolve the issue. The mileage at this time was 47,460 kilometres.

In January 2024, after more issues with water ingress, Mr B's car was inspected by the dealer again, who carried out further work to seal it.

Mr B complained to Tesla as he didn't think the ingress had been fixed and the car smelt of damp. He also asked if he could reject it as he had lost faith in it after the failed repairs.

The car went back to the dealer again in February and a water test found water entering at the front. Tesla attempted to repair the issues.

In March, repairs were completed again. After this repair the car was water tested and no ingress was found.

Unhappy with the quality of the car and how he had been treated, Mr B asked to reject it and complained.

Tesla issued a response in February 2024 saying it was difficult to fix water ingress and can take several tries to fix it completely. They considered each repair as part of their initial attempt to fix the issue.

Unhappy with their response, Mr B brought his complaint to our service. He sent in photos of water leaking from the front of the car as evidence that the leak was still present.

Based on these photos one of our investigators decided the car was not of satisfactory quality. As Tesla had attempted to repair it already, they felt that Mr B should be allowed to reject the vehicle.

Tesla responded to the investigator's findings saying the photos Mr B had sent were because of the air dehumidifying process and wasn't a fault. They sent the user manual to support this but they agreed to pay Mr B £250 for the distress and inconvenience he had experienced. They asked for an Ombudsman to look into the case.

I sent Mr B and Tesla my provisional decision on this case, on 27 March 2025. I explained why I thought the complaint should be upheld. A copy of my provisional findings is included below:

*Mr B acquired her car using a conditional sale agreement and so The Consumer Rights Act 2015 (CRA) is the relevant legislation for this complaint. The Act sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of*

*satisfactory quality. Satisfactory quality is essentially based upon what a reasonable person would consider to be satisfactory. In instances like this when considering the quality of a car, the age, mileage and price are some of the things that I think would be considered to be reasonable to take into account.*

*The CRA gives consumers 30 days to reject the goods if they are deemed to be faulty when supplied. If the purchased goods are found to be defective after 30 days but within six months, then the supplier must be given one opportunity to repair or replace the goods.*

*I've considered that Mr B reported issues with the car 30 days after acquiring it, so under the CRA, Tesla were entitled to an opportunity to repair it. And I can see they had this opportunity multiple times. They also had an opportunity to inspect the car at this time too.*

*I've considered the photos Mr B has provided which he feels shows the car is still leaking, and I've also thought about what Tesla has said about it. On balance, I think it is likely that the leak in the photos sent by Mr B are a result of the dehumidifying process as described in the car's user manual.*

*However, regardless, I think fairly and reasonably, Mr B should still be allowed to reject the car. I say this because Mr B brought it brand new for a significant amount of money. I can understand why he has lost faith in it considering the experience he has had. And I also don't think a reasonable person would've considered the car to be of satisfactory quality when it was supplied because of the water ingress.*

*I understand Tesla feels that water ingress can be complex to fix. And because of this they feel each time the car was taken in should be seen as a continuation of the first repair, but I don't think this is reasonable. I've noted that after each visit the car was tested for water ingress before being returned to Mr B. Further water was then found after these tests, suggesting the issues occurred again. I've also considered that water ingress occurred in different areas of the car. And so, it follows that I think it is reasonable to class each repair as separate.*

*I've also seen that Mr B asked to reject the car in January 2024, before the successful repair in March. Mr B was entitled to reject the car at this time as a remedy under the CRA. And so, I think Tesla should have allowed the rejection to take place when Mr B requested it.*

*In rejecting the car, Tesla should unwind the agreement, so Mr B has nothing further to pay and collect the car from him at no further cost. As part of this, Tesla should remove any adverse information from the details held with the credit reference agencies. Tesla should also reimburse Mr B his deposit amount of £5,200.*

*Tesla should pay 8% simple interest on the deposit amount from the date Mr B paid it to the date of settlement of this complaint. This is because Mr B has been without use of these funds.*

*Tesla should also pay Mr B £250 compensation in total. This is because Mr B has experienced worry about the safety of his car due to the water ingress. He has also had the inconvenience of having to take his car for numerous repairs. I can understand why Mr B would've found all that has happened frustrating, and I think £250 acknowledges the distress and inconvenience he would've experienced.*

Mr B replied accepting my provisional decision.

Tesla responded and said they disagreed. They said that Mr B didn't report water ingress until December 2023 – ten months after delivery of the car. They've said this doesn't support that it was faulty at the time of sale.

They believe that as Mr B didn't ask to reject the car until January 2024, he exceeded the time he was able to reject it under the CRA. They also didn't think Mr B could reject the car now because it has been repaired.

Tesla also explained that Mr B shouldn't incur costs for any repairs carried out which are shown to be the result of manufacturing, and the warranty has covered them in this case.

### **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've noted Tesla's comments that the first sign of water ingress wasn't reported until December 2023. However, this doesn't change my findings on the case. While I appreciate this was ten months after the point of sale, the car was purchased new and for a significant amount of money. So, I don't think a reasonable person would've expected a water ingress issue to occur less than a year after acquiring a new car.

The first repair for water ingress occurred in December 2023 and a repair was done at this time. Under the CRA, if a repair is unsuccessful then the consumer has the right to reject the goods. There is no time limit for when a consumer can reject a car if it is deemed to be of unsatisfactory quality at the point of sale. I've considered that December 2023 was the first attempted repair, and then the car was taken in again for the same issue with water ingress multiple times after this.

As explained in my provisional decision, Mr B asked to reject the car in January 2024, after an unsuccessful repair, and before the successful repair in March 2024. Mr B was entitled to reject the car at this time as a remedy under the CRA. And so, I see no reason to depart from the findings in my provisional decision.

### **Putting things right**

My decision is that I uphold this complaint and require Tesla Financial Services Limited to:

1. Unwind the agreement so Mr B has nothing further to pay;
2. Collect the car at no extra cost to Mr B;
3. Refund the deposit amount of £5,200 to Mr B;
4. Add interest at a rate of 8% a year simple to part three of this settlement from the date it was paid, to the date of settlement of this complaint.\*
5. Pay Mr B £250 for the distress and inconvenience he has experienced; and
6. Remove any adverse information recorded about the conditional sale agreement with the credit reference agencies.

\*Tesla must pay these amounts within 28 days of the date on which we tell them Mr B accepts my final decision. If they pay later than this, they must also pay interest on the

settlement amount from the date of final decision to the date of payment at 8% a year simple.

If Tesla deducts tax from any interest they pay to Mr B, they should provide Mr B with a tax deduction certificate if he asks for one, so he can reclaim the tax from the tax authorities if appropriate.

### **My final decision**

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 May 2025.

Ami Bains  
**Ombudsman**