

The complaint

Mr H complains about the quality of a car that was supplied through a hire agreement with Tesla Financial Services Limited (TFS).

What happened

In September 2024, Mr H acquired a brand-new car using a hire agreement with TFS. Mr H was due to make an advanced payment of £200, an initial rental of £257.20 followed by 35 monthly rental payments of £428.66 and a final rental payment of £171.46.

Mr H complains that when he collected the car he noticed a number of issues with it, which included panel gap issues, boot misalignment, rattle noises and trim damage. Mr H said that despite it being brought to a garage for repairs it hasn't been fixed within a reasonable timeframe or standard. Mr H said he tried rejecting it within the first 14 days due to the issues.

In October 2024, Mr H complained to TFS, but it wasn't upheld. He raised a further complaint in February 2025, about the issues. However, as TFS didn't provide a final response to his complaint, Mr H brought it to our service where it was passed to one of our Investigators to look into.

The Investigator recommended that Mr H's complaint should be upheld. In summary they didn't consider it was reasonable that Mr H had to bring his car into the garage for repairs on around six occasions and that some of the issues weren't successfully repaired. The Investigator concluded that it was fair Mr H be allowed to reject the car with a refund for impaired use and some compensation for the distress and inconvenience caused.

Mr H accepted the Investigator's view, however, TFS didn't. It said that the issues didn't degrade the usability or safety of the vehicle. However, as the Investigator's view remained unchanged, the case has been referred to an ombudsman for 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.

Firstly, I'm 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Mr H complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr H's complaint about TFS. TFS is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, Mr H acquired a new car. So, I think a reasonable person would expect it to be free from any defects and would also expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied there were issues with the car. The invoices provided by TFS show there were various faults reported by Mr H in October, November and December of 2024, and in January and March 2025. The faults, which were consistent with what Mr H had raised in his complaint to TFS were investigated by them. Having considered the car had some faults, I've considered whether it was of satisfactory quality at the time of supply.

Satisfactory quality

During a phone call with our Investigator, Mr H said he raised vehicle faults to TFS which included issues with the panel gap, boot misalignment, rattle noises and trim damage. The invoices provided by both parties confirm that in October 2024, Mr H raised around 12 concerns, in November 2024, TFS investigated eight concerns for Mr H, seven in December 2024, three in January 2025 and four in March 2025. Mr H provided an invoice from TFS which showed eight issues were also reported and investigated in June 2025.

Having had a look at the invoices, I'm satisfied that some of them were repeated issues, for example, noise from the tailgate area was reported in October 2024 and in June 2025.

I recognise TFS have said that the issues reported didn't degrade or impact the safety of the car, however I think it's reasonable to expect that there be no issues with a brand-new car, and that is also reflected in its rental value and cost. Mr H reported a number of issues of which some may appear to me be minor, however on each occasion TFS carried out remedial works on some of the issues reported. So, despite TFS in their responses advising that vehicle can produce certain noises which can be characteristics or that the issues were not defects or were minor in nature, they completed remedial works on each occasion Mr H brought the car in for repairs, which persuades me there were faults in existence which required correction.

All things considered, I don't think it's reasonable that Mr H should have to bring the car in for remedial works on around six occasions within the first nine months of being supplied a

vehicle which was brand new. So, it follows that I don't consider the vehicle was of satisfactory quality when it was supplied to Mr H.

Putting things right

As I've concluded the car wasn't of satisfactory quality when it was supplied to Mr H, TFS will have to put things right. Mr H has asked to reject the car, and, in the circumstances, I think it is fair. Under the CRA if repairs have been unsuccessful then a rejection of the goods become an option.

I'll be instructing TFS to end the agreement and collect the car from Mr H at no additional cost to him. TFS should refund to Mr H a prorated amount of his advanced rental based on how long he's had the agreement. To recognise the ongoing issue with the vehicle TFS should also refund to Mr H 15% of his monthly rentals from October 2024 to settlement. Mr H has also provided evidence that he paid a full year's vehicle excise duty directly to TFS as part of his monthly repayment for October 2025. Given the circumstances I think it's reasonable that TFS provide a prorated refund to Mr H of any unused vehicle duty that he would have already paid to them.

And in consideration of the impact this has had on Mr H, for example having to go back and forth to the garage for repairs, and the impact it's had on his work, and home life, I'm satisfied that £300 is fair in all the circumstances.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct Tesla Financial Services Limited to:

- collect the vehicle at no additional collection cost to Mr H
- end the finance agreement ensuring Mr H is not liable for monthly rentals after the point of collection (it should refund to him any overpayment for these if applicable)
- refund to Mr H, a prorated amount of his advanced payment of £200 (if any part of this payment is made up of funds paid through a dealer contribution, Tesla Financial Services Limited is entitled to retain that proportion)
- pay to Mr H a 15 % refund of his monthly rentals from October 2024, to recognise any loss or impaired use due to the vehicle's inherent issues
- pay Mr H £300 in compensation for the distress and inconvenience caused to him
- remove any adverse information that may have been recorded with the credit reference agencies in respect of this agreement

Tesla Financial Services Limited should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If Tesla Financial Services Limited considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 December 2025.

Benjamin John
Ombudsman