

The complaint

Mr B complains that a car that was supplied to him under a conditional sale agreement with Tesla Financial Services Limited wasn't of satisfactory quality.

What happened

A new car was supplied to Mr B under a conditional sale agreement with Tesla Financial Services that he electronically signed in February 2023. The price of the car was £62,180, Mr B made an advance payment of £10,200 and he agreed to make 48 monthly payments of £727.67 and a final payment of £23,006.60 to Tesla Financial Services.

Mr B complained to Tesla Financial Services about an incident involving the car and a towed caravan in October 2024, but it didn't uphold his complaint. Mr B wasn't satisfied with its response so referred his complaint to this service. He paid for the car's tow bar to be inspected by an independent expert in September 2025. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Tesla Financial Services had acted fairly. He thought that the towbar fault meant that the car wasn't of satisfactory quality when supplied to Mr B because it wasn't reasonably durable. He said that the right to repair under the Consumer Rights Act 2015 was exercised in June 2023 and he thought that rejection would be the fairest remedy.

He recommended that Tesla Financial Services should: end the agreement and collect the car; refund Mr B's deposit, 5% of all instalments he paid from 11 October 2024 and the cost of the inspection report, all with interest; pay £300 in compensation; and remove any adverse information relating to the agreement from Mr B's credit file.

Tesla Financial Services didn't accept the investigator's recommendation and has requested that this complaint be reviewed by an ombudsman. It says, in summary and amongst other things, that:

- the inspection of the tow hitch was carried out by a third-party without its agreement and disagrees that it should be liable for the cost of the inspection;
- the caravan isn't included in the finance agreement or any binding contract with Mr B, so claims related to its condition or compensation fall outside its obligations;
- as the car remains fully operational and free from defects, rejecting the entire car is unreasonable and disproportionate as the complaint regards a stand-alone accessory which has also not been proven faulty;
- wear and tear typically result from normal usage, environmental exposure, or age rather than a manufacturing or delivery defect, and the inspection report doesn't explicitly conclude that the wear is abnormal but focuses on how wear develops over time;
- signs of wear and tear are expected over time and don't indicate an inherent defect in the tow hitch and the report comes to a weak conclusion that, as some wear was present, the tow hitch must have been defective from delivery;
- when the tow hitch was in its service centre, its team cleaned and lubricated it as part of its testing process so, when inspected, lubricant wasn't necessary; and
- it hasn't been proven that the tow hitch is defective, just that it shows signs of wear

and, as a goodwill gesture to resolve the matter, and entirely without prejudice, it offers Mr B a complimentary replacement tow hitch.

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.

The car was supplied to Mr B in February 2023 and Tesla Financial Services, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to him. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr B was a new car with a price of £62,180 and I consider that it was reasonable for him to expect that it would be free from even minor defects.

Mr B returned the car to the dealer in June 2023 because of a rattling noise from the tailgate. The dealer's invoice says: *"Boot trims removed and reseated. Liftgate trims removed and reseated. No evidence of loose items. [Specified silicone grease lubricant] applied to liftgate seals"*. Mr B had returned the car to the dealer because of a rattling noise, the trims were removed and reseated and the seals were lubricated, and Mr B hasn't reported any further issues with a rattling noise, so I consider it to be more likely than not that the dealer repaired the car at that time, which dealt with the rattling noise.

Mr B has described an incident that took place in October 2024 when the car was towing a caravan. He says that the tow hitch assembly detached, which resulted in the caravan losing control, colliding with multiple objects, and sustaining catastrophic damage. A mechanic who was attending a breakdown saw the incident and provided a report about what had happened. He says:

"I inspected the Tow Bar ... and found it disconnected so I reconnected it using the lock & key [which had been produced to him by Mr B from his pocket]. The caravan would definitely have been locked onto the Tow Bar correctly ... Once the Tow Bar was reconnected it felt loose and insecure. At the time of the incident I believed this to be a manufacturer failure. Upon further recent inspection I still believe this was a manufacturer failure".

The car was then looked at by a manufacturer's dealer but it didn't find a fault. Its October 2024 invoice shows that the car had then been driven for 28,764 km, which is 17,873 miles. I understand that Mr B made a successful insurance claim about the caravan. Mr B paid for the car's tow bar to be inspected by an independent expert in September 2025. The report recorded the car's mileage as 24,556 miles and concluded:

"... the locking detent do display heavy play to 2 out of 3, to which we would suspect this would indicate an internal wear, to the locking detent bearings. In this instance there was no evidence of any lack of lubrication/item does not need lubrication. We would consider, at this stage, that towbar would need to be replaced, and would also require comparing to a new towbar of the same type, to insure this does not display the same play noted from new, although we would be surprised. In our view the wear present would be considered to be abnormal for the vehicles age recorded mileage and does appear to be the likely cause for the issue, which has been experienced. At the vehicles age and recorded mileage such wear would not be considered to be commensurate or normal and we anticipate that the condition would be considered to be premature and would have to be categorised in such a form".

The inspection report said that the wear was abnormal, that the worn condition was premature and that the towbar would need to be replaced. There doesn't seem to any dispute that there had been an incident in which the tow hitch detached and both of the reports that Mr B has provided refer to issues with the tow bar. Tesla Financial Services has described its concerns about the reports and says that the manufacturer's dealer didn't find a fault.

In complaints such as this one, where the evidence is incomplete, inconclusive or contradictory, I have to make my decision on the balance of probabilities and on what I consider is most likely to have happened in light of the available evidence and the wider circumstances. Having considered all of the evidence that has been provided, I consider it to be more likely than not that there was a fault with the tow bar in October 2024. The incident occurred about 20 months after the car was supplied to Mr B and the car had been driven for 17,873 miles in that time. I don't consider that it's reasonable to expect a car that was new when supplied and which cost £62,180 to have issues with its tow bar after that time and mileage and I consider that the fault with the tow bar caused the car not to have been of satisfactory quality when it was supplied to Mr B.

Tesla Financial Services says that as a goodwill gesture to resolve the matter, and entirely without prejudice, it offers Mr B a complimentary replacement tow hitch. Mr B says that he's lost faith in the car, would never use it to tow and doesn't want it anymore, so he'd like to reject it. If there hadn't been a repair of the car in June 2023, I would consider the offer to repair the car by replacing the tow hitch to be a fair and reasonable outcome. Tesla Financial Services, as the supplier of the car, had a right to repair the car, but it exercised that right in June 2023 when the rattling issue was repaired. Mr B now wants to reject the car because of the fault with the tow bar that caused the October 2024 incident and, in these circumstances, I find that it would be fair and reasonable, and consistent with Mr B's rights under the Consumer Rights Act 2025, for Tesla Financial Services to allow Mr B to reject the car and to take the actions described below.

Putting things right

I find that it would be fair and reasonable for Tesla Financial Services to end the conditional sale agreement and arrange for the car to be collected from Mr B, both at no cost to him. The conditional sale agreement shows that Mr B made an advance payment of £10,200 for the car to be supplied to him. I find that it would also be fair and reasonable for Tesla Financial Services to refund to Mr B the advance payment that he made for the car, with interest.

The investigator said that Mr B chose a car with a towbar to tow his caravan, motorbikes and trailer, but has been unable to do so, and he recommended that he should be refunded 5% of the instalments paid from 11 October 2024. I agree with that recommendation and I find that it would also be fair and reasonable for Tesla Financial Services to refund to Mr B 5% of the monthly payments that he's made under the conditional sale agreement for the period since 11 October 2024, with interest, to compensate him for his loss of use and enjoyment of the car. I consider that it's fair and reasonable for Tesla Financial Services to keep the monthly payments for the period before then and the balance of the monthly payments since then as payment for the use that he's had from the car.

Mr B paid for the car to be inspected by an independent expert. Tesla Financial Services disagrees that it should be liable for the cost of that inspection, but I find that it would be fair and reasonable for it to reimburse Mr B for that cost, with interest. Mr B has described the distress and inconvenience that the incident and subsequent events have caused him. I find that it would also be fair and reasonable for Tesla Financial Services to pay him £300 to compensate him for that distress and inconvenience.

The investigator said that Tesla Financial Services should remove any adverse information relating to the agreement from Mr B's credit file. I've seen no evidence to show that Tesla Financial Services has reported any adverse information about the conditional sale agreement to the credit reference agencies but, if it has done so, I agree that it should ensure that the information is removed from Mr B's credit file.

My final decision

My decision is that I uphold Mr B's complaint and order Tesla Financial Services Limited to:

1. End the conditional sale agreement and arrange for the car to be collected from Mr B, both at no cost to him.
2. Refund to Mr B the advance payment that he made for the car.
3. Refund to Mr B 5% of the monthly payments that he's made under the conditional sale agreement for the period since 11 October 2024.
4. Reimburse Mr B for the cost of the inspection by the independent expert.
5. Pay interest on the amounts at 2, 3 and 4 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
6. Ensure that any adverse information about the conditional sale agreement that it's reported to the credit reference agencies is removed from Mr B's credit file.
7. Pay £300 to Mr B to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Tesla Financial Services to deduct tax from the interest payment referred to above. Tesla Financial Services must give Mr B a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 December 2025.

Jarrold Hastings

Ombudsman