

## The complaint

Mr P complains about a car supplied under a conditional sale agreement, provided by Tesla Financial Services Limited.

Mr P has been represented on this complaint, but to keep things simple I will only refer to Mr P in my decision.

## What happened

Around March 2022 Mr P acquired a new car under a conditional sale agreement with Tesla. The car is listed with a cash price of £52,590. Mr P paid a deposit of £15,000.

The agreement was repaid in August 2022.

Unfortunately, Mr P says the car developed issues. He explained it required replacement drive units in October 2023 and December 2024.

In December 2024 Mr P complained to Tesla and said he wanted Tesla to provide a replacement new car.

Tesla issued its final response in January 2025. This said, in summary, that Mr P's car was provided with a warranty to cover things if they went wrong. It explained repairs had now been successfully carried out on the car. And it said it was not upholding the complaint.

Mr P remained unhappy and referred the complaint to our service. He said he thought the car may have a serious underlying defect and was concerned it wasn't safe to drive. He explained the situation had caused disruption to his life.

Mr P later told our service that the car had been making a 'high pitched whine' around April 2025. He said the car had been booked in to be seen on 20 May 2025.

Our investigator issued a view and upheld the complaint. He said, in summary, that he thought Mr P asked to reject the car when he complained to Tesla in December 2024. He said he thought Mr P had this right at the time. So, he said Tesla should now allow him to reject the car and pay Mr P £300 to reflect the distress and inconvenience caused.

Our investigator later clarified that as the agreement had been paid off, Tesla could retain £525 a month to reflect the use of the car Mr P had.

Mr P responded and said the only thing to add was that he was unhappy with the length of time it took to repair his car.

Tesla didn't respond.

As Tesla didn't reply, the complaint was passed to me to decide. I sent Tesla and Mr P a provisional decision on 2 October 2025. My findings from this decision were as follows:

*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, I initially think this complaint should be upheld. But I do not think Mr P has the right to reject the car. I'll explain why.*

*Mr P complains about a car supplied under a conditional sale agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Mr P's complaint against Tesla.*

*When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – Tesla here – needed to make sure the goods were of 'satisfactory quality'.*

*Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description. The CRA also explains that durability of goods can be considered as part of satisfactory quality.*

*So, in this case I'll consider that the car was new and cost around £52,500. This means I think a reasonable person would have very high standards for its quality. I think they would expect it to be in near perfect condition and to have trouble free motoring for a significant time.*

*What I need to consider in this case is whether I think Mr P's car was of satisfactory quality when supplied. Having thought about this, I think it's quite clear it was not.*

*Tesla has confirmed that Mr P's car required new drive units in October 2023 and December 2024. And I can see this reflected on the invoices provided, where the odometer readings are recorded as 9,278km and 38,630 km.*

*Given this was a brand-new car, I'm satisfied that requiring such extensive repairs at these stages means either the car had a fault which was present or developing at the point of supply, or it wasn't durable. Either way, I find the car was not of satisfactory quality when Mr P got it.*

*I've then gone on to consider what this means in terms of Mr P's rights under the CRA.*

*The CRA explains Mr P would have the 'final right to reject' if:*

*"after one repair or one replacement, the goods do not conform to the contract"*

*'Conform to the contract' here can be taken as being of satisfactory quality.*

*Mr P's car required a replacement drive unit in October 2023 and then this failed again around December 2024. So, at the time of the second failure, I'm satisfied this means Mr P had the final right to reject the car under the CRA.*

*But Mr P would have had to exercise this right at the time. And this is where my opinion differs to that of our investigator. He said Mr P told Tesla he wanted to reject the car when he complained in December 2024. But I can't see this was the case.*

*I've seen the email of complaint Mr P sent at the time. In this he said:*

*"It may be more cost-effective for Tesla to provide a new, fault-free vehicle rather than*

*continue to incur costs and customer dissatisfaction.*

*I request that Tesla evaluate this matter and consider offering a replacement new (car) of comparable specifications. I believe this is a fair resolution that addresses the underlying issue, avoids ongoing disruption and restores my customer confidence in Tesla.”*

*I think it's fair to say Mr P asked Tesla for a replacement car. But this isn't the same as saying he wanted to reject. And I haven't seen any other communication with Tesla where Mr P asked to reject the car.*

*I will of course consider any other evidence Mr P has in response to this decision. But, based on what I've seen, I'm satisfied Mr P had the right to reject the car, but didn't exercise this right.*

*I've also had in mind that in the above email Mr P explains the car is currently being repaired. So, I think it's most likely he authorised a repair before he sent it. A repair was another remedy available to Mr P under the CRA. While he has recently raised further issues which I'll comment on below, I'm satisfied it's most likely the repair was successful. So, in broad terms, I'm satisfied his rights under the CRA were met.*

*I've gone on to consider if Tesla needs to do anything further to put things right.*

*Mr P has mentioned he couldn't use all the features on the courtesy cars he was provided. But I'm satisfied he was kept mobile and likely in a similar class of car. So, I find Tesla needs to take no action on this point.*

*I do think however that Mr P was caused distress and inconvenience because of what happened. I'm sure it must have been frustrating for his car to need repairing twice. He's described the impact on him of this and explained the disruption caused by having to take the car to the dealer. Thinking about this, I find Tesla should pay him £300 to reflect what happened.*

*I have considered that Mr P has more recently explained he believes the drive unit is failing again and I'm aware he said an appointment was booked for this to be looked at a few months ago. But, in summary, beyond Mr P's testimony about a whining noise, I have no other evidence to show any current faults with the car. So, this doesn't change my opinion. Again, I will of course consider any further evidence about this that he provides in response to this decision.*

I gave both parties two weeks to respond with any further comments or evidence.

Tesla accepted the outcome of the provisional decision. Mr P wrote back and made some points for me to consider.

### **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 carefully thought about what Mr P said in response to my provisional decision. He made two main points.

Firstly, Mr P in summary explained he did ask to reject the car in December 2024. He explained he was not a legal expert and so didn't use the exact term 'reject', but said it was clear from his email that by asking for a replacement this meant he didn't want the car

anymore.

I've carefully considered this. And I agree with Mr P that he didn't need to specifically state he wanted to 'reject' the car under the circumstances. But, that being said, I still don't think he exercised his right to reject using the words he did at the time.

It may help to explain that the CRA specifically sets out 'replacement' and 'rejection' as two separate remedies. So, I find by asking for a replacement in the way he did, Mr P didn't exercise his right to reject.

I've considered if Tesla should've offered Mr P a replacement car. But, while he asked for a new car, Mr P's car was used at that point. Tesla would've needed to provide a like for like replacement. Finding a car of the same age, mileage, model and specification would not have been practical, or likely even possible. So, I don't think it did anything wrong by not going ahead with Mr P's request.

Secondly, Mr P explained the car was never repaired as he said the fault persisted. I've very carefully thought about this, and everything Mr P said here. But, beyond his testimony, I still don't have any evidence of a current fault with the car. So, this doesn't change my opinion.

Mr P said he now wishes to exercise his right to reject. He will need to contact Tesla directly to discuss this.

Having thought about all of the other circumstances of this complaint again, I still think my findings from my provisional decision are fair and reasonable under the circumstances of this complaint.

### **My final decision**

My final decision is that I uphold this complaint.

I instruct Tesla Financial Services Limited to put things right by paying Mr P £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 November 2025.

John Bower  
**Ombudsman**