

The complaint

Mr S complains about the setting up of a hire agreement with Tesla Financial Services Limited.

What happened

In September 2024, Mr S took out a hire agreement with TFSL, to lease a car that was previously used by the manufacturer as a display model in their showroom. This meant TFSL bought the car from the manufacturer and then leased it to Mr S over a three year period. It was then for Mr S to make monthly payments to TFSL.

Because the car wasn't brand new, the manufacturer offered a discount on the purchase price of £960. However, TFSL say they made a mistake, in that the discounted price wasn't available to customers looking to take out a hire agreement. Instead, TFSL say the discount was intended for customers buying a car outright, or on finance.

To try and resolve the issue, TFSL sent a revised hire agreement to Mr S. Although Mr S went on to sign the hire agreement, he wasn't happy. So, Mr S complained and said it was unfair for TFSL to ask him to pay the full monthly lease payments, for a car that wasn't brand new.

In their final response to Mr S's complaint, TFSL apologised for any confusion they had caused. They said there wasn't anything they could do, as Mr S had signed the hire agreement. Mr S didn't accept this and brought his complaint to this service.

One of our investigators looked into Mr S's case, but before he could reach a finding, TFSL offered to settle the complaint. They said they had paid £350 towards the hire agreement, as a gesture of goodwill. TFSL also said they had previously sent Mr S a voucher worth £460, that he could use with the manufacturer.

After considering everything, the investigator found that TFSL had treated Mr S fairly. He said Mr S was made aware of the change to the hire agreement, before he had signed it. And that the payment and voucher was reasonable in light of the distress and inconvenience Mr S had experienced.

Mr S didn't agree with the investigator's findings and said he felt pressured by TFSL to sign the hire agreement. The investigator didn't change his conclusions and Mr S's case has now been passed to me to make 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 very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here. Namely, did TFSL treat Mr S fairly

when the hire agreement was put into place?

If there's something I've not mentioned, then I haven't ignored it. I've not commented on every individual detail. I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

This case is about a hire agreement with TFSL, which is in Mr S's name. This is a regulated financial product. As such, we are able to consider complaints about it.

The Consumer Credit Act 1974 ("CCA") says that the finance provider may be responsible if the finance agreement was misrepresented. In this case, there was no finance broker as Mr S 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 CCA 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 S and induced him to enter a contract he didn't intend to enter into.

Mr S has provided a copy of an order agreement from early September 2024. I can see from that document where the manufacturer applied a showroom vehicle discount. Mr S says TFSL then went on to produce a hire agreement, based on the discounted purchase price. We've asked TFSL for a copy of that hire agreement, but they say it has since been discarded, because it wasn't ever put into place.

I share Mr S's frustrations here, as I agree it would have been helpful to see the context in which TFSL's initial lease proposal was put to him. However, I can also see where TFSL acknowledge where they made a mistake by including the showroom discount on that proposal. So, I think all parties accept Mr S was given incorrect information in September 2024.

TFSL's records show where they removed the showroom discount around two weeks after sending Mr S the initial hire agreement. Mr S says he noticed the update to the lease proposal and raised his concerns. I can see where TFSL went on to explain their mistake with including the showroom discount, before Mr S went on to sign the hire agreement. So, I don't think Mr S was told he would benefit from the showroom discount before the hire agreement was put into place.

Although I accept Mr S had made a down payment by this stage, I think he was able to choose not to go ahead with the lease, if he wasn't happy with the revised monthly payment amount. I've not seen any evidence to suggest TFSL applied pressure for him to continue with the contract. Instead, I can see where Mr S decided to proceed despite knowing the monthly payments were around £10 more than he was expecting. I can also see from Mr S's own records that his decision to go ahead was helped by TFSL's offer to provide a voucher worth £460, which he could use with the manufacturer.

Overall, I don't think there was a misrepresentation by TFSL about the hire agreement that Mr S entered into. So, I think TFSL have treated Mr S fairly. It then follows that I don't think it would be reasonable to require them to apply the showroom discount to Mr S's hire agreement now.

That said, I agree with Mr S's sentiments that the confusion caused by TFSL before he

signed the agreement, took away the enjoyment of changing his car. While I cannot support Mr S's view that he was pressured into the agreement by TFSL, I think he was caused some distress and inconvenience with having to pursue TFSL to explain themselves. I say this after looking at Mr S's concise records of the conversations and messages he had with them in September 2024.

TFSL have shown us where they have apologised and have paid £350 towards Mr S's hire agreement, in recognition of the trouble and worry they caused Mr S, before he entered into the contract. They say this has the effect of covering any monthly discount Mr S could have expected from taking a car used in the showroom. I can also see where TFSL have agreed to reinstate the voucher worth £460, for Mr S to spend with the manufacturer. This is because the previous voucher had expired.

Taking everything into consideration, I think TFSL's payment towards the agreement and offer to reinstate the voucher fairly reflects the level of distress and inconvenience Mr S says he experienced. So, other than sending a valid voucher to Mr S, I don't think they need to increase the award they've already offered.

Putting things right

For these reasons, Tesla Financial Services Limited should reinstate the voucher worth £460 and send it to Mr S.

My final decision

My final decision is that I uphold this complaint and require Tesla Financial Services Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 February 2026.

Sam Wedderburn
Ombudsman