

The complaint

Mr O is unhappy with how Tesla Financial Services Limited (Tesla) dealt with a number of traffic offences that occurred during the period of hire of a car.

When I refer to what Mr O has said and what Tesla have said, it should also be taken to include things said on their behalf.

What happened

On 21 December 2022 Mr O entered into a hire agreement with Tesla for the supply of a new car. Mr O paid an advanced payment of £4,200. This was followed by a monthly payment of £268.37, 47 further monthly payments of £894.57 and a final rental payment of £626.20

During spring 2025 there were a number of charges applied to Mr O's account. These related to penalty notices issued by a Local Authority. The charges included both the penalty charge and the administrative fee from Tesla. Mr O contacted Tesla on numerous occasions seeking clarification and supporting information relating to these fines. There were delays in Tesla responding which led to Mr O incurring further penalties for the same breach on different days. Because Mr O was unhappy, he complained to Tesla.

On 25 November 2025 Tesla issued their response to Mr O's complaint. They did not uphold his complaint. They noted that the fines between 24 May 2025 and 25 June 2025 had been removed from his account. As a gesture of goodwill they had also waived the £10 administration and late fees relevant to these fines. All fines that fall outside this range were applied correctly and Tesla considered them payable. Mr O was provided with an excel spreadsheet of all payable fines.

Mr O was not happy with this response so complained to us.

On 21 January 2026 our investigator issued their view. They felt that the charges had been correctly applied in accordance with the contract and that Mr O was liable for the fines. They did feel that Tesla acted unfairly in how long they took to respond so partially upheld Mr O's complaint. They felt that compensation of £200 was a fair resolution.

Mr O did not accept the investigator's view. He pointed out that the fines were cancelled by the issuing authority, not Tesla. Tesla continued to attempt to collect payments despite the fact that Mr O had made a formal complaint and refused to place his account on hold. The core issue for him was lack of trust and mismanagement by Tesla.

On 6 February 2026 our investigator issued an updated view, which remained unchanged. They noted that it was the issuing authority not Tesla that had cancelled the charges. Tesla were entitled to continue to collect payment because they were acting within the terms of the agreement, so this could not be classified as being unfair. They reiterated that they had found that Tesla had acted unfairly. The requested solution of Mr O, which included Tesla waiving termination penalties and the car being returned without further obligation, would not

be fair in the circumstances. Their initial view that £200 compensation was fair remained their view.

As Mr O was still not happy with this response it has been passed to 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.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mr O was supplied a new car via a hire agreement, which is a regulated agreement. This means that we are able to consider complaints about it.

On 21 December 2022 Mr O entered into a hire agreement with Tesla for the supply of a new car. Mr O paid an advanced payment of £4,200. This was followed by a monthly payment of £268.37, 47 further monthly payments of £894.57 and a final rental payment of £626.20.

Mr O received notification from Tesla on 29 April of a charge relating to a fine. The fine related to a charge from a Local Authority for breaching a traffic restriction. The essence of Mr O's complaint is that the notice supplied to him contained insufficient detail for him to understand what the charge related to and simply stated an amount. He did query this but there was unreasonable delay in Tesla responding. This led to two main issues. The first is that Mr O lost the ability to challenge the charge, as he was out of time by the time that Tesla supplied the information. The second was that because Mr O was unaware of the detail of the charge he continued to breach the relevant traffic restrictions and further charges were levied by both Tesla and the Local Authority. The nature of Mr O's complaint to us is summed up in his response to the investigator's decision, as set out below:

"My complaint is not about avoiding responsibility for valid fines. My concern is about how Tesla Financial Services managed the situation and the consequences this had on my account and overall experience.

In particular, I would like the Ombudsman to consider the following points:

1. Delayed notification of fines: Tesla did not inform me of multiple PCNs in a timely manner. As a result, I lost the opportunity to challenge these within the original appeal windows. The fines were eventually cancelled by the issuing authority, but only after I contacted the council directly and pursued the matter myself.

2. Lack of transparency regarding account adjustments: Even after the council cancelled the fines, Tesla did not clearly show how these credits were applied to my account. I repeatedly requested a reconciled statement showing where the charges had been removed, but this was never presented in a clear or consistent way. This created ongoing confusion about the true balance of the account.

3. Continued enforcement during an active complaint: While the dispute was ongoing and under formal review, Tesla continued to:

- issue arrears notices*
- apply late payment charges*
- disable direct debit functionality*

- request manual wire transfers for payment

This placed additional pressure on me while I was actively trying to resolve the matter through their complaints process and through the Financial Ombudsman Service.

4. Cumulative impact: This matter has been ongoing for many months. I have spent significant time contacting Tesla, the issuing authority, and providing documentation to clarify what should have been a straightforward accounting adjustment. The combination of delayed responses, inconsistent account information, and continued collection activity caused unnecessary stress and uncertainty regarding my financial position.

For these reasons, I respectfully maintain that the level of compensation recommended does not adequately reflect the inconvenience, time, and distress experienced throughout this process.”

I need to consider if the charges were levied in accordance with the contract. Additionally was there undue delay in informing Mr O of the fines. If Tesla were unreasonably slow in informing Mr O of the fines did the delays cause Mr O direct financial loss or did the delays otherwise cause unacceptable inconvenience to him. If I do find that Tesla have treated Mr O unfairly it would only be fair to ask them to put things right.

Looking at the file, I can see that there are photographs of the relevant signage and Mr O himself is not disputing that he is liable for the fines. This means clause 3.8 of the contract is relevant here and that states:

“promptly pay all fee, duties, charges, fines, taxes and other outgoings payable in respect of the agreement”

“You shall reimburse us for our loss, costs and/or expenses that we incur as a direct consequence of your failure to comply with the terms of this Agreement including where we enforce this Agreement against you and/or for an event as described in clause 6. Our current charges are set out below and we may vary or add to the charges by notice to you to reflect changes in our overhead costs or direct costs we are required to pay to others, to take account of inflation or regulatory requirement changes. The specific charges which we may make are: Late payment charge: £12; Unpaid direct debit: £12; Administrative fee: £10”

I am content that the charges applied by Tesla are in line with the terms of the contract.

There is a duty on financial businesses to treat consumers fairly and I would argue that notifying them of any fines in a reasonable timeframe, so that they can challenge any charges for example, would fall under that broad duty.

Whilst not a formal policy Tesla have informed us that they aim to let their customers know within seven days of them getting notice. Mr O received several fines and one of the examples on file relates to an event occurring on 28 March 2025. This was notified to Tesla via a notice dated 24 April 2025 and they informed him on 29 April 2025. Whilst this was notified within seven days the email sent simply contained an amount of £65 and no further detail. This is not sufficient for Mr O to understand the nature of the charge. Mr O asked on several occasions from 21 May to 24 June 2025 for further detail. Tesla responded on 24 June 2025. Tesla should have responded sooner, and I find that their delay is unacceptable.

The first question I need to consider is whether Mr O is directly out of pocket as a result of this delay. I can see from the file that Mr O was able to get the relevant charges cancelled by the Local Authority. Tesla also cancelled charges totalling £166 in relation to these fines. I

do not feel that Mr O is directly out of pocket, given that he is liable for the fines, and he has seen them cancelled.

Tesla have treated Mr O unfairly and this has caused frustration and inconvenience. This is in relation to the delays in responding to his queries and passing on information relating to the fines. Mr O has also raised the issue that Tesla continued to enforce the contract and collect money whilst he was pursuing his complaint. There is no obligation for a business to pause payments whilst investigating a complaint. The agreement with Tesla is clear that he is required to make monthly payments. I cannot say that Tesla have acted unfairly in continuing to administer the contract and monthly payments in line with the contract.

Given that Tesla have treated Mr O unfairly I need to decide what they need to do to put things right. In considering what the appropriate level of compensation is, I need to take the following into account:

- Mr O is liable for all fines and charges relating to the traffic offences.
- All charges applied by Tesla were in line with the contract.
- Tesla initially let him know about the fine within seven days but it was delays in responding to his follow up queries that means they have treated him unfairly.
- Mr O has 28 days from the date of the notice to challenge the charge. The first notice was dated 24 April 2025. Mr O was informed of the charge on 29 April 2025. He queried the details with Tesla on 21 May 2025.
- The relevant charges have been rescinded by the issuing authority.
- Tesla have cancelled a total of £166 of charges.
- Tesla continued to collect monthly payments and deal with arrears in line with the terms of the contract.
- Using financial services will not always be hassle free, but in this case there has been a level of inconvenience and stress that requires compensation.

I believe that taking all that into account the £200 suggested by the investigator is reasonable.

I do uphold this complaint.

Putting things right

I uphold Mr O's complaint against Tesla and to put things right they need to:

- Pay to Mr O £200 compensation for the stress and inconvenience caused

My final decision

I do uphold this complaint against Tesla Financial Services Limited. To put things right they must follow the redress as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 28 April 2026.

Leon Livermore
Ombudsman