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More Consumers Come Forward Against Tesla Energy for Alleged False Credit Reporting Of Tesla Solar Panel Contracts

Tesla Solar Faces More California Lawsuits for Alleged False Credit Reporting of Solar City Purchase Power Agreements.

LOS ANGELES, CA, UNITED STATES, January 20, 2021 /EINPresswire.com/ -- Five more California consumers have filed lawsuits against Tesla Energy for falsely credit-reporting their SolarCity Power Purchase Agreements ("PPA Agreements") on their credit reports as large-balance five-figure outstanding loans. To date, six different consumers have brought actions in California federal courts against Tesla for alleged violations of the Fair Credit Reporting Act and other related laws.

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>
> *Robert F. Brennan*

Each of these consumers signed up for solar panels on their homes with SolarCity, a company that has since been bought out by Tesla. Under their "Power Purchase Agreement" with SolarCity, these consumers did not own any of the solar equipment but paid a pre-set charge per kilowatt-hour. They never entered into any loan agreement with SolarCity, and SolarCity never appeared as a creditor on their credit reports. As just about everyone relies on their credit for any number of reasons, these consumers specifically did not want another creditor to appear on their credit reports as it could render them less creditworthy. They particularly did not want Tesla slapping an alleged loan exceeding $50,000 on their credit reports.

"A very important factor in credit scoring is called 'utilization ratio'," comments attorney Robert F. Brennan of Los Angeles, who represents several of the consumers. "What this measures, essentially, is a consumer's available credit. A consumer with a good utilization ratio will have a much higher credit score than a consumer with a poor utilization ratio."

Mr. Brennan continues, "Whenever a consumer takes out a large new loan, it often pushes down the consumer's credit score because FICO and the other scoring models see that the consumer has taken on a lot more debt. Further, if a consumer then applies for any kind of real estate credit, he or she will have to explain to the underwriter how this large loan came to be and how

it won’t affect their ability to make their monthly mortgage payments.
“In these cases against Tesla, the consumers did not take on more debt, but Tesla started reporting these SolarCity PPA Agreements to the credit bureaus as if they were loans. One morning, each of my clients woke up to find a Tesla Energy “loan” on their credit reports for a very large amount—mostly in excess of $50,000.

“These PPA agreements are not loans and Tesla has no business reporting them to the credit bureaus as loans,” Brennan states, “and I am quite confident that our lawsuits will prompt Tesla to discontinue this very damaging practice.”

Tesla acquired SolarCity in 2016 and started credit-reporting the PPA agreements as either loans or leases in 2017, even though the SolarCity contracts state specifically that they are not leases. The consumers represented by Mr. Brennan have all disputed this credit tradeline with Tesla and with the credit bureaus, and have succeeded in having Experian and TransUnion remove the tradelines. However, Tesla has continued to insist that the credit reporting is accurate, and the Tesla tradeline still appears on the Equifax credit reports for all of them. The lawsuits currently pending are as follows:

Chaine v. Tesla Energy Operations, Inc., et al., Case No. 2:20-cv-09082-JFW-GJS, currently pending in the Central District of California, Los Angeles.
Diaz v. Tesla Energy Operations, Inc., et al., Case No. 2:21-cv-00211-DDP-GJS, currently pending in the Central District of California Los Angeles.
Lee and Hugo v. Tesla Energy Operations, Inc., et al., Case No. 2:20-cv-11097-PA-RAO, currently pending in the Central District of California, Los Angeles.
Lubinsky v. Tesla Energy Operations, Inc., et al., Case No. 4:21-cv-00053-DMR, currently pending in the Northern District of California, San Jose.
Yu v. Tesla Energy Operations, Inc., et al., Case No. 2:21-cv-00062-FMO-KS, currently pending in the Central District of California, Los Angeles.

“My credit is very important to me,” states Mr. Chaine, one of the plaintiffs. “Slapping a large loan onto my credit report has upset the calculation of my debt-to-income ratio and has cost me several credit opportunities. I never signed up for a loan with Tesla or with SolarCity. I simply signed an agreement that I would pay SolarCity for a set charge per kilowatt-hour, and I always have made that payment. Now my credit is being destroyed because Tesla wants to claim this is a loan.” The other plaintiffs have all echoed Mr. Chaine’s comments.

Mr. Chaine’s attorney, Robert F. Brennan, Esq. of Montrose, California, agrees. “Putting a large loan onto a consumer’s credit report is very damaging. These large so-called loans on their credit reports make it look like they are carrying a lot more debt, which will be damaging any time they apply for credit.”
Mr. Brennan’s clients are seeking money damages as well as an agreement from Tesla and Equifax to cease reporting the loan. “This does not belong on their credit report at all,” states Brennan, “any more than anyone’s gas or utility bills belong there. And what’s worse—it’s like a

utility reporting 20 years' worth of utility bills on someone's credit. That's what Tesla is doing, and it's a violation of the Fair Credit Reporting Act."

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