

Contract Purchase



The basics

What it is

An alternative to Contract Hire that may be particularly appealing if you are interested in a high-value vehicle. We guarantee a residual value for the vehicle at the start of the contract, so when it ends, you can either pay this amount and keep the vehicle or hand it back instead. You can also claim capital allowances on the vehicle, as it appears on your balance sheet.

You might be interested in Contract Purchase if:

- You want to pay a fixed monthly amount for your vehicle, including maintenance costs if you prefer
- You are interested in buying a high-value vehicle
- You want your business to drive brand new vehicles
- You want the option to purchase the vehicle for a fixed amount at the end of contract

Contract Purchase might not be for you if:

- You do not want the option to own the vehicle at the end of the contract
- You prefer to purchase used vehicles

What you can do at the end of your contract

1. **Give the vehicle back to us.** Just call your broker at least three days before you want to return the vehicle and they will sort everything out for you. It's worth reading the BVRLA 'Fair Wear & Tear Guide' before this time too, as it explains what counts as fair wear and tear.
2. **Buy the vehicle:** If you want to buy the vehicle, you will need to pay the residual value agreed at the start of the contract, plus an 'option to purchase' fee. Your broker can explain more about how this works and will handle the purchase for you.

If you want to end your contract early

To end the contract early, you must pay all the remaining monthly payments on the contract. You then have the option of buying the vehicle by paying the residual value or returning it to us.

Key details

- **Road tax:** Included for the full length of the contract (excluding annual increases, which are recharged)
- **Amendments:** No
- **Maintenance:** Optional
- **Recovery:** Optional
- **Excess mileage charge:** Yes
- **Possible additional costs:** If you get any fines (such as speeding or parking), we will transfer these to you where possible. Some fines may need to be paid by us directly, so we will do this and recharge you. A £15 administration fee will apply for all fines managed by us.

Responsibilities

	LeasePlan	Customer	
Insuring the vehicle	✗	✓	You must arrange fully comprehensive insurance for the vehicle.
Paying the road tax (Vehicle Excise Duty)	✓	✗	This is included in your monthly rental, but if the fee increases, you may receive an extra charge to cover it.
Repairing any vehicle damage	✗	✓	You must ensure any damage is repaired either through your insurance or at your own cost.
Windscreen repair cover	✗	✓	You may be able to arrange cover with your insurer.
Accident management cover	✗	✓	You may be able to arrange cover with your insurer.
Roadside assistance and Breakdown cover	Optional	Optional	You can choose to have this cover through us OR you may be able to arrange cover with your insurer.
Vehicle maintenance (annual servicing, MOT, tyres)	Optional	Optional	You can choose to have this cover through us and it will be included in your monthly rental. Maintenance excludes misuse, accident damage and vehicle glass. OR you choose this do this yourself and must ensure that the vehicle is maintained in line with manufacturer recommendations.
Paying fines or penalties (such as speeding fines, parking fines or congestion charges)	✓	✓	If you get any fines (such as speeding or parking), we will transfer these to you where possible. Some fines may need to be paid by us directly, so we will do this and recharge you. A £15 administration fee will apply for all fines managed by us.

Jargon buster / Key terms

Amendments: If a service allows amendments, this means you can make changes to your contract once you have signed it. If it doesn't, you can't.

Early termination: This just means ending your contract early. When, and if, you can do this will depend on the type of service you have.

Excess mileage charge: Your monthly rental payment is based on several factors, including the maximum distance you expect to drive. If you go over this distance, you will have to pay the excess mileage charge, which is usually calculated on a per mile basis.

Fair wear and tear: We know that vehicles won't be returned in showroom condition after several years of driving. Fair wear and tear is the amount of damage that we consider to be reasonable for the time you've had the vehicle. If you go over this level, you may have to pay for the vehicle to be repaired.

Maintenance: If you choose maintenance, you pay a fixed monthly amount that then covers many of the additional costs involved in keeping a vehicle on the road, such as maintenance, servicing, MOTs and new tyres (excluding misuse or accident damage).

Recovery: Helps you if your vehicle breaks down or doesn't start.

Term: How long the contract lasts. (You might also see this referred to as the 'duration').



Comparing your leasing options

	Contract Hire	Finance Lease	Contract Purchase	Lease Purchase
Vehicle appears on a company's balance sheet	✓	✓	✓	✓
Can return the vehicle at the end of the contract	✓	✗	✓	✓ / ✗ (Depending on contract terms)
Can buy the vehicle at the end of the contract	✗	✗	✓	✓
Can end the contract early	✓	✓	✓	✓ (Regulated contracts only)
Can extend the contract and lease the vehicle for longer	✓	✗ (But can continue to use the vehicle indefinitely)	✓ (Unregulated contracts only)	✗
Can change the contract once it has started	✓	✗	✗	✗
Includes road tax in the first year	✓	✓	✓	✓
Includes road tax in the following years	✓	✗ (Arranged by LeasePlan and recharged annually)	✓	✗ (Arranged by LeasePlan and recharged annually)
Includes optional maintenance	✓	✓	✓	✗
Includes optional recovery	✓	✓	✓	✗
Excess mileage charge if vehicle is returned	✓	✗	✓	N/A

LeasePlan

What's next?