

Lease Purchase



The basics

What it is

Lease Purchase gives you a way to buy a vehicle from LeasePlan through fixed monthly payments, plus (in most cases) a final payment at the end.

You might be interested in Lease Purchase if:

- You want to buy a vehicle and don't have the money to pay the full price upfront
- You want to buy a commercial vehicle with monthly payments, but have the full VAT amount invoiced up front for tax purposes
- You want an alternative to borrowing money from a bank to buy your vehicle
- You want to keep things simple and pay the loan payments for your vehicle to the company that provides it

Lease Purchase might not be for you if:

- You want to buy a vehicle and can afford to pay the full price upfront
- You want to lease a vehicle instead of buying it

Options at the end of the contract

1. **Own the vehicle:** As long as you have made all your monthly payments and your final payment along with the £10 'option to purchase' fee you will own the vehicle.
2. **Hand the vehicle back:** If your contract is regulated and all the payments have been made you have the option of not paying the 'option to purchase' fee and returning the vehicle before the contract ends. This can be a complicated area that is not an option on all contracts, so please speak with your broker if it is something you want to consider.

If you want to end your contract early

To end the contract and own the vehicle, all you have to do is pay all your remaining monthly payments, plus the final payment. Your broker can tell you how much this will cost.

If your contract is regulated you can ask for an 'early termination' to return the vehicle once you have paid more than half of the outstanding finance (including the interest). You can then return the vehicle at zero cost, though we will apply our usual fair wear and tear rules on it.

Key details

- **Road tax:** Included for the first year of the contract and then billed annually in the following years
- **Maintenance:** No
- **Recovery:** No
- **Excess mileage charge:** No
- **Documentation fee:** Yes (charged by LeasePlan)
- **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 for the first year but billed annually for the rest of your contract.
Repairing any vehicle damage	✗	✓	If the vehicle is returned to LeasePlan before the contract ends and you decide not to pay the option to purchase fee, any damage which has occurred to the vehicle outside the BVRLA Fair Wear & Tear Guidelines will be charged to you by LeasePlan.
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		✓	You may be able to arrange cover with your insurer.
Vehicle maintenance (annual servicing, MOT, tyres)		✓	You 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 car 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