



Own  
the  
vehicle

Deposit

Monthly payments

Option to Purchase fee

## What is Hire Purchase?

Hire Purchase is a **fixed cost, fixed period loan** linked to (or secured on) the purchase of a vehicle.

## Who is the product suitable for?

It is suitable for **customers who want to own the vehicle** once they have made all the necessary payments.

## What is the process for the customer?

The customer will:

- 1 Usually pay a cash deposit or part exchange their old vehicle as a deposit (or both).
- 2 Make all of their monthly payments. Typically payments will be structured between 3 years (36 months) and 5 years (60 months) depending on the customer's circumstances and preferences.
- 3 Pay an Option to Purchase fee - a small payment which enables the customer to take title to (own) the vehicle at the end of the agreement. The customer can also refuse to pay this fee and hand back the vehicle if they wish to, but this would not usually be sensible since they have effectively paid all of the monthly payments to keep and own the vehicle.

## What else does the customer need to know?

- The finance provider owns the vehicle until the point the customer has made all necessary payments. The customer is therefore not entitled to sell the vehicle before this time.
- There are no mileage restrictions, servicing requirements or other charges because it is expected that the customer will own the vehicle at the end of the agreement.
- The customer can 'voluntarily terminate' their credit agreement before the final payment is due but (as set out in the credit agreement) will be required to:
  - o Hand back the vehicle to the finance company.
  - o Pay, or have paid, at least half of the total amount owed.