

Wise up to Howlett Leasing

FINANCE LEASE

What it is

A popular option for cars and vans when Contract Hire isn't suitable. With Finance Lease, you won't own the vehicle, but it will appear on your balance sheet, with the capital element of the outstanding rentals acting as a subsequent liability.

Your monthly payments and interest rates are fixed for the duration of the contract. You can choose to pay either the entire cost of the vehicle, including interest charges, over an agreed period or a lower level of monthly rentals, with a final payment based on a projected amount you sell the vehicle for.

It is important to note that as part of a Finance Lease contract, you are not allowed to own the vehicle when the contract ends. You must sell it to an unconnected third party and pay a percentage of the sale proceeds to the lease company. In addition, if you default on your payments, the lease company has the right to repossess the vehicle and sell it. In this situation, the lease company will also assess the vehicle for fair wear and tear.

Key details

- **Road tax:** included for the first year of the contract and then billed annually in the following years.
- **Amendments:** No. Mileage and maintenance can't be changed once the contract has started.
- **Maintenance:** Optional.
- **Recovery:** Optional.
- **Excess mileage charge:** Not on the main contract. Yes, on the maintenance element, if selected.
- **Possible additional costs:** If you get any fines (such as speeding or parking), the lease company will pay them for you and then charge you the amount, plus an administration fee.

You might be interested in Finance Lease if:

- You want to pay a fixed monthly amount for your vehicle, including maintenance costs if you prefer.
- You want a tax-efficient way to lease a vehicle as rentals can be offset against taxable profits, while VAT can be reclaimed appropriately by VAT registered businesses. Customers also receive a percentage of the sales proceeds as detailed on the finance documentation
- You want your business to drive brand new vehicles.
- Your vehicles are used in a trade where they are more likely to be damaged day to day.

Finance Lease might not be for you if:

- You want your business to own its vehicles.
- You like to keep your vehicles for more than 5 years.
- You prefer to purchase used vehicles.

What you can do at the end of your contract

1. Refinance the balloon: This option may be available at the end of the contract depending on the lease company's terms and conditions.

2. Use a secondary rental: Although you can't extend your Finance Lease contract, you can do what's known as a secondary (or 'peppercorn') rental. This means you pay the lease company an annual charge which is set at the start of the contract and you can do this for as long as you want.

3. Sell the vehicle: When the rental is over, you must sell the vehicle to an unconnected third party and then pay the lease company a percentage of the sales proceeds.

Howlett Leasing may charge a processing fee for our services which will be detailed on the customer order form. This is payable by bank transfer payment once finance approval has been received.

Signature

Date



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Call us on 07961 053907



Sudbury Road, Lavenham CO10 9PJ