

Contract Hire



The basics

What it is

Our most popular type of lease. We own the vehicle, so we take on the risk of uncertain resale values, and you then use it for a set period of time.

You might be interested in Contract Hire if:

- You want to pay a fixed monthly amount for your vehicle, including maintenance costs if you prefer
- You want a leasing option that allows you to have your vehicles 'off balance sheet'
- You want your business to drive brand new vehicles

Contract Hire 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
- Your vehicles are used in a trade where they are more likely to be damaged in day to day business

Key details

- **Road tax:** Included for the full length of the contract (excluding any annual increases, which we will charge to you)
- **Amendments:** Yes, to mileage and term
- **Maintenance:** Optional
- **Recovery:** Included
- **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.

What you can do at the end of your contract

1. **Give the vehicle back to us.** Just call your LeasePlan Account Manager 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. **Add extra months to your contract (a 'formal extension').** Contact your LeasePlan Account Manager and we can explain what's involved and arrange it for you if you want to go ahead.
3. **Keep the vehicle without extending your contract (an 'informal extension').** You can just keep the car and keep paying your current rental amount. However, we can end the contract for mechanical failure, uneconomic repair or due to the cost of maintenance being too high and ask for the vehicle back. If you don't return the vehicle or add more months to your contract, you automatically go into an informal extension and we bill you monthly in arrears until you return the vehicle.
4. **Vehicles cannot be purchased by the hirer, directors or partners of the business including any family members of the hirer.** If the driver does not fall into any of these categories, they can purchase the vehicle. Simply contact LeasePlan who can advise on the process and arrange to provide a purchase price of the vehicle.

If you want to end your contract early

You can end your contract early, just contact LeasePlan and we will arrange a quote for the 'early termination' (which will equal 50% of all the rental payments you still have to make on the contract). We will also apply our usual fair wear and tear rules on the returned vehicle.

How do the payments work?

- Your contract starts on the day your vehicle is delivered (or as per the delivery date confirmed by your broker to LeasePlan if applicable). This is your "commencement date".
- Your advance rental payment is payable to us on or before the commencement date, however, we will typically debit your advance rental payment on or around 14 days after you receive your vehicle. We will then debit your first monthly rental within 6 weeks of the date your vehicle was delivered. This means that in the first 6 weeks after your vehicle is delivered you should expect your advance rental payment plus your first monthly rental payment to be debited. Further monthly rental payments will then go out every month, either a) on the same date as your commencement date, or b) on your nominated direct debit date (if you have chosen one).
- During any extended term (following the completion of your contracted term) it is possible your payment dates may vary, and your final payment may be made after the vehicle has been returned to us, as these are paid in arrears.

Responsibilities

	LeasePlan	Customer	
Insuring the vehicle	✗	✓	You must arrange fully comprehensive insurance for the vehicle and provide proof to LeasePlan.
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 (through your insurers if you can make a claim for it).
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	✓	✗	Included in your contract.
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.

Commencement date: The day your vehicle is delivered and your contract starts.

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 Contract Hire to other 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	✓	✓	✓	✗
Can buy the vehicle at the end of the contract	✗	✗	✓	✓
Can end the contract early	✓	✓	✓	✓
Can extend the contract and lease the vehicle for longer	✓	✗ (But can continue to use the vehicle indefinitely)	✓	✗
Can change the contract once it has started	✓	✗	✗	✗
Includes road tax in the first year	✓	✓	✓	✓
Includes road tax in the following years	✓	✗	✓	✗
Includes optional maintenance	✓	✓	✓	✗
Includes optional recovery	✓	✓	✓	✗
Excess mileage charge if vehicle is returned	✓	✗	✓	N/A