

Regulated Fixed Term Full Payout Finance Lease

About this information

You should read this document and all information we provide to you carefully, so that you can decide whether this product is right for your needs and circumstances.

This document provides key information that will help you understand our Regulated Fixed Term Full Payout Finance Lease product. It does not contain all the information about the agreement you will enter into with us.

If you have been provided with information on this product by an equipment dealer or finance broker, you are encouraged to take it away and consider it carefully. The dealer/broker does not act as our agent.

How a Regulated Fixed Term Full Payout Finance Lease works

Finance lease agreements enable the borrower to spread the cost and the VAT of capital investments, via regular payments, throughout the term of the agreement. These payments fully amortise the capital cost of the equipment. Agreements are for a minimum term and once the capital cost of the equipment has been fully paid, the agreement automatically extends on a month-by-month basis, with nominal rental amounts payable by you.

DLL will have legal ownership of the equipment throughout the term of the agreement and may register this interest with HPI Ltd. You have quiet enjoyment of the equipment throughout the period.

Unlike a Hire Purchase arrangement, title to the equipment cannot pass to you. However, at the end of the lease agreement, you may be appointed as our agent to sell the equipment on our behalf to an unrelated third party and you may retain the majority of the sale proceeds. In this way you enjoy some of the benefits you would have had by purchasing the goods outright from day one.

You should seek advice from your accountant, financial and, or legal advisor before entering into any financial transaction.

Finance leases are provided by De Lage Landen Leasing Ltd (we/us) – a subsidiary of Cooperatieve Rabobank U.A., headquartered in The Netherlands and licensed with European Central Bank.

If, after reading this document, you require further information or have any questions, we encourage you to contact us. Details of how to do this are provided at the foot of this document.

Product features

- You have use of the equipment without investing capital.
- An alternative line of credit to your bank.
- Your payments made over the term of the agreement, cover the full equipment cost, plus financing charges.
- We pay your nominated supplier the cost you have agreed (plus VAT).
- You pay VAT on the lease payments throughout the finance term, at the prevailing rate.
- VAT is reclaimable by you, providing your business is VAT registered with His Majesty's Revenue & Customs.
- You pay fixed payments, even if corporation tax rates change.
- The payment amount is subject to changes in VAT rate.
- Agreement terms are typically fixed for 24 to 84 months.
- You can claim the interest element of the payments as a trading expense.
- The equipment is shown as an asset and a reducing liability on your balance sheet.
- The lease cannot be terminated by us, unless you fail to comply with the terms and conditions of the lease agreement.
- You do not own the equipment.
- Your options at the end of the lease term include returning the equipment to us, selling it as our agent or continuing to lease for lower secondary rentals.

Frequently asked questions

What is a Regulated Fixed Term Full Payout Finance Lease?

- A lease is a contract between two parties where one party, the lessor (DLL), allows the other party, the lessee (you), use of their equipment for a fixed period in exchange for regular payments.
- In a finance lease, the net present value of the payments, equates to substantially all of the fair market value of the equipment at the start of the lease.
 - **There are other criteria that can make a lease an operating lease. For accounting purposes and you should check with your accountant or financial advisor.**
- The lease agreement is regulated by the Consumer Credit Act 1974 (as amended) if:
 - It is a business hire agreement where the total sum payable (plus VAT) is up to £25,000 during the fixed term; and
 - You are a sole trader, partnership of 3 partners or less, or an unincorporated body such as a club or society.

Can I select the supplier of the equipment?

- You control the buying process by selecting the supplier and providing they are approved by us, we pay them for the equipment you select, at the price you have agreed.
 - Some manufacturers and dealers support the sale of their equipment to enable us to provide preferential financing terms.
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How can a Regulated Fixed Term Full Payout Finance Lease be used?

- A lease provides you with the use of equipment over a fixed period, for a known regular payment.
 - You pay periodic payments that cover the full cost of the equipment over the term plus financing charges.
 - VAT is payable on payments as they fall due at the prevailing rate.
 - The lease must be for approved business equipment.
 - We will acquire the equipment you specify at the price you agree from your nominated supplier.
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Who may a Regulated Fixed Term Full Payout Finance Lease be suitable for?

It may be suitable for any UK based business:

- Where you are a Sole Trader, Partnership of 3 partners or less, or other unincorporated body such as a Society or Club.
 - Who can demonstrate regular income.
 - Who wants to spread the equipment and VAT cost over the term of the agreement.
 - Who is looking for an additional line of credit to their main working capital facilities.
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What are the benefits of a Regulated Fixed Term Full Payout Finance Lease?

- Convenient, easy application process.
 - VAT is chargeable on the payments as they fall due rather than on the full cost of the equipment (NOTE – VAT rates may change during the term).
 - Typically, no additional collateral or security is required.
 - Unlike a bank overdraft, a lease cannot be terminated by us unless you are in breach of the terms and conditions of the agreement, or a specified termination event occurs.
 - Access to an alternative line of credit to your main business funding facilities.
 - The interest element of the payments can be deducted as a trading expense.
 - Equipment is shown as an appreciating asset and a reducing liability on your balance sheet.
 - Payment amounts are fixed and scheduled and help with budgeting and cashflow.
 - Payments will not vary if corporation tax rates change and the amount you pay is fixed unless VAT rates change.
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Can I claim capital allowances?

- You can claim capital allowances under a finance lease. Check with your accountant how this agreement will be recorded in your financial statements.
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How do DLL make our decision as to whether to offer a Regulated Fixed Term Full Payout Finance Lease?

To help DLL decide whether to offer you a Regulated Fixed Term Pull Payout Finance Lease, we may use:

- Any information you have given us e.g. business accounts, bank statements.
 - If you have been a customer before, any information we already hold.
 - Information we receive from enquiries.
 - We may also view your credit history with a credit reference agency or ask them to make enquiries for us.
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What if I change my mind after signing the agreement?

- You have the right to cancel the agreement within 14 days of receiving either a copy of the signed agreement, or notification that the agreement has been signed by us.
 - If you wish to cancel the agreement, you can do so by contacting us in writing at the address provided below.
 - If you cancel the agreement, please note that you would only be cancelling this agreement and not necessarily any agreement for services you have entered into with the supplier and you may still be liable to make them good on the transaction.
 - Once the cancellation period has expired, you cannot unilaterally terminate the agreement. If you have any queries, contact us to discuss your options.
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Will an agreement with DLL affect my credit rating?

- We will ask your permission before making a check on your credit history with a credit reference agency.
 - Our enquiry will show on your record with them and may affect how others subsequently use this information in granting credit to you.
 - If you fail to make payments on the due dates, we will register this with a credit reference bureau. This may affect how others view your creditworthiness.
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How do I make my rental payment?

- To ensure that payments are made on the right date all payments must be made by Direct Debit.
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How will I know how much I must pay?

- Your lease agreement will clearly state the payment amounts, number and frequency along with the due dates.
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What interest rate will I be charged?

- Interest rates used to calculate the payments are fixed at the outset and will not change once your lease commences.
 - Your payment amounts will be detailed on your lease agreement.
 - We do not disclose the interest rate used in calculating the payments.
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Are there fees payable?

- A documentation fee to cover part of the cost of setting up the agreement may be charged on the start date of the lease agreement. The amount payable will be clearly detailed in the agreement and will be included with the first payment amount.
 - Fees may be charged for various items during the term, e.g. for rescheduling payment dates, providing copy documentation or changing bank details.
 - Contact us for the current list of charges and fees that may be applicable.
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Is there any VAT?

- We purchase the selected equipment from your chosen supplier and pay the net price you have agreed plus VAT.
 - VAT is charged to you at the prevailing rate on each payment as it falls due.
 - Some fees may be subject to VAT at the prevailing rate
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Is there any commission payable to the supplier/broker?

- Commission may be payable by us to the supplier of the equipment and/or your finance broker and/or any other connected party.
 - Details of any commission paid, including the amount and how it was calculated, can be obtained from the dealer/broker or us upon request.
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What if the equipment is faulty?

- In the first instance, you should speak with the supplier to see if they are able to rectify the problem or suggest another suitable remedy.
 - If the supplier is unable to resolve the issue you should contact us and we will take steps to try and resolve the issue.
 - If the cost of the equipment is below £30,000 you may have a right to take legal action against the supplier, or us, or both, under Section 75 of the Consumer Credit Act. Speak to your legal advisor or contact us to discuss what your rights are.
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Can I end the agreement early?

- There is no right to unilaterally terminate the lease agreement early.
 - If you wish to discuss terminating the lease before the end of the term you can do so by contacting us and we will consider your request and advise you of your options.
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What happens if I miss a payment?

- Making timely payments on the due date is a strict condition of the agreement and why we collect payments by Direct Debit from your bank.
- Failing to make payments on the due dates will mean that you have broken the terms of the agreement.
- Contact us if you expect to miss a payment to see if we can help.
- If you fail to make a payment on the due date, we will contact you to discuss your options to bring the agreement back up to date.
- Failing to make a payment on the due date can affect your credit rating. This may have severe consequences on your ability to obtain future credit. It may make future credit more expensive.
- We may take action to recover the equipment and any associated costs.
- Full details of the consequences of missing a payment are outlined in the agreement.

What happens at the end of the Regulated Fixed Term Full Payout Finance Lease?

- We will contact you at least three months before the end of the lease to confirm your option(s) e.g. return of equipment, continued renting of the equipment or selling as our agent.

Contact

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