

## Hire Purchase

**Ideal for: People looking for a straightforward finance agreement with the option to own the car. These contracts are simple, quick to arrange and available in most car dealerships**

Hire Purchase is an agreement that gives you the option to own the car at the end of the agreement. These are normally fixed cost, meaning that the APR (Annual Percentage Rate) is set before the contract begins. The loan period is also fixed – typically three to four years – and the finance agreement is secured against the car being bought, which means that lenders can be flexible in the terms and conditions they offer.

You are the ‘registered keeper’ of the car and responsible for insuring and maintaining it, but the finance company remains the legal owner until the amount you borrowed has been fully repaid.

### At the beginning of the agreement

Once you have found the car you would like to buy, you should agree the amount you want to borrow from the lender, based on the price of the vehicle less any deposit required. Most people part-exchange their old car to help cover this, and some car finance companies may also have special promotions running under which they will contribute to customers’ deposits.

Once the actual sum to be borrowed is confirmed, the dealer will contact the finance company or finance broker and complete an application on your behalf.

### At the end of the agreement

When all the repayments have been made in an HP agreement, you will be given the option to buy the car and gain outright ownership. This means paying an ‘Option to Purchase’ fee which covers the administrative cost to the finance company of transferring ownership of the car to you.

If you wish to settle a Hire Purchase agreement – either partially or in full – before the end of the agreement, then you are entitled to make early repayments to your finance company. You should speak to your finance company for advice on how best to do this.

### Advantages of Hire Purchase

- ✓ Quick and easy to arrange in the showroom.
- ✓ Credit agreements are regulated, which means you will have rights and protections under law.
- ✓ A low deposit at the start of the agreement.
- ✓ Choice of payment terms of between 12 and 60 months (1-5 years).
- ✓ Repayments fixed at the same amount throughout the agreement.

## Things to remember

- As Hire Purchase is a hire agreement with an option to buy at the end of it, the finance company will actually own the car until you make the final payment.
- Since you do not own the car until the end of the term, you cannot sell or modify it without the finance company's permission.

## Northridge Hire Purchase Features/Benefits

- Minimum credit amount £1,500
- Maximum term 60 months (cars & LCV's) with Leisure assets up to 120 months (asset age dependent). Terms for heavy Commercial assets are asset dependent
- No upfront fees
- Fixed rate & term
- Digital distance sign process
- Right to withdraw within 14 days
- Digital self-serve
- Telephone service available 5 days a week
- **Northridge 'In life' Free of charge service (no fees or default interest)**