

Voluntary Termination and Default Termination Information Leaflet (CCA Regulated Hire Purchase / PCP Agreements)

If you have a Hire Purchase (HP) or Personal Contract Purchase (PCP) Agreement with us which is regulated by the Consumer Credit Act, you have the right to voluntarily terminate your agreement at any time. The Frequently Asked Questions below explain what this means and also provide additional information about what you should do if you find yourself in arrears. This will help give you decide what the best course of action is for you.

Voluntary Termination

Q1. What is Voluntary Termination?

Voluntary Termination is a legal right provided to you under UK law (Consumer Credit Act 1974, Section 99/100) which allows you to hand back your car and end your HP/PCP agreement with us.

Q2. Why would I want to voluntarily terminate my agreement?

There are various reasons why you may choose to end your agreement with us, for example:

- Your circumstances have changed so you no longer need the car being financed.
- You can no longer afford the monthly repayments.
- You have fallen into arrears and can't afford to repay them.
- You want to get a new car with a new finance deal.

Q3. How do I know if I can terminate my agreement?

If you have a CCA regulated HP or PCP agreement with us you can exercise this right at any time during its term. If you're unsure, please contact us and we'll be able to tell you if this applies to you or not.

You should be aware that, depending on how much you've repaid at the point of terminating your agreement will have different impacts, ie:

- If you've repaid **50% or more** of the total amount* you owe us you can simply end your agreement and return the car financed under it back to us. Any existing arrears will remain outstanding.
- If you've repaid **less than 50%** of the total amount* you owe us you'll have to pay an amount which brings the total you've paid up to 50%.

*Bear in mind that this isn't the amount you borrowed - this includes interest and any fees due. If you have a PCP Agreement it will also include your Guaranteed Future Value (Balloon) payment.

Q4. How can I find out how much 50% of the total amount I owe you is?

You can find this information by referring to the section "Termination: Your rights" on your finance agreement.

Q5. Will there be any additional costs if I choose to terminate my agreement?

You may have to pay additional costs, such as:

- **Damage Costs** - when you hand your car back to us it must be in a reasonable condition otherwise you may have to pay to cover any damage over and above normal wear and tear.
- **Excess Mileage Costs** - if you have a PCP agreement you may have to pay for excess mileage if you've done more mileage than you agreed to (you can find information about this on page 2 of your agreement). Note that because you're returning your car early, this will be factored in when we calculate whether you owe us anything in relation to this.

You should be aware that we may not be able to tell you how much these costs will be until we've received your car back and completed the necessary checks.

Q6. Does Voluntary Termination impact my credit file?

We will record the Voluntary Termination on your credit file but this is just to show how your agreement was ended. It won't have any negative impact on its own, but if you have arrears on your agreement when you end it, this will show on your credit file.

Q7. I'm struggling with my finances – is Voluntary Termination an option?

Yes. If you find yourself struggling with your finances we would urge you to contact us as soon as possible so we can talk to you about your circumstances and see what we can do to help. You may want to choose to end your agreement and hand your car back but there are also other options available which may be more suitable for you.

If you go into arrears we'll try to get in touch with you to talk about what options are available for you to repay these. If you don't respond, however, we may take action to take the car back from you and this is known as a Default Termination (see below)

Default Termination

Q8. What's Default Termination?

Default Termination is where we take legal action to take your car back from you (known as repossession).

Q9. What's the difference between Voluntary Termination and Default Termination?

The main difference is that Voluntary Termination is where **you** choose to end your agreement but Default Termination is where **we** end it.

Don't worry though, we would only take this action once every attempt has been made to get in touch with you by letter or phone call to agree a way forward. It's therefore important you contact us as quickly as possible if you've gone into arrears. We can then work with you to find a solution before your situation gets worse.

Q10. Why would you need to end my agreement/repossession my car?

Until you've completely paid off in full what you owe, the car belongs to us so we can take it back (repossess it) if you've gone into arrears and, for example if:

- We haven't been able to come to any agreement with you as to how the arrears will be repaid, or
- You haven't responded when we've tried to contact you.

Before we do this we'll send you a Notice of Default which gives you a final chance to repay the arrears by a certain date. If you don't then the **full amount** (arrears and any outstanding balance/costs etc) you owe us will become due and have to be repaid. At this point it may not be too late to come to an arrangement that allows you to keep the car so please call us so we can agree a way forward.

Q11. Will I have to pay any additional costs if you take my car back?

It's likely you'll have to pay additional costs such as:

- **Court Costs** - if you've paid at least one third of the amount you owe us we'll have to get a court order before we can take back your car and any related costs will have to be paid by you.
- **Sale Shortfall** - If the car sells for less than the amount you owe us, you may have to pay us the difference.
- **Recovery Costs** – You will have to pay any costs in relation to us recovering your car from you.

Additional costs as outlined in Q5 may also be payable.

Q12. Will Default Termination impact my credit file?

Yes – a “Default” will be recorded and remain on your credit file for 6 years which could mean you find it difficult to get approved for any future finance you apply for. Also some lenders will look at your credit history and apply an interest rate based on your ability to pay back the money you borrow so you could find that credit is more expensive.

Q13. Where can I get help and support?

You can contact us on 0800 9170932 and we will be happy to help you.

Our leaflet “struggling to manage your finances” which gives some useful information about not-for-profit organisations that can provide free, confidential and impartial debt advice for both consumers and businesses is available from our website at www.northridgefinance.com/customer-tool-kit/contact-us/. You should also be aware that you can obtain free, confidential and impartial debt advice from organisations such as Money Advice Service, StepChange Debt Charity and Citizens Advice. More information and contact details can be found in the '[Help and Support](#)' section of our website.