



Audi e-tron

Quick guide to vehicle finance

Uncertain over which funding option is the best choice for a new car, pick-up or van? Let our vehicle sourcing partner TysonCooper offer some steer on the available options...

Where once it was a simple choice between a cash purchase or a bank loan, there are now so many options when it comes to funding a new vehicle, that it can be tricky to know if you're making the right decision. That said, it's also easier than ever before to find a financial product to suit your needs, so the key is to make sure you have the right advice ahead of signing on the dotted line.

Before speaking to a broker, it's worth knowing the basics of the different finance options, so that you can focus on weighing up the pros and cons for your own personal circumstances. Here's our quick and easy guide to five of the most common ways to fund a new vehicle:

Hire purchase (HP) is quick and easy to arrange. You'll likely pay a 10% deposit and, in the case of a commercial vehicle, the VAT. Flexible repayment terms are available at competitive fixed interest rates over periods between 12 and 60 months. You can choose to add a balloon payment if you want to reduce the monthly payments - this will be determined by the vehicle itself and expected mileage. After the final payment has been completed, you'll own the vehicle.

Contract Purchase (CP) is similar to HP, but you'll make lower monthly payments. Rather than repaying the entire loan in equal monthly payments, the anticipated value of the vehicle is effectively deferred until the end of the initial period. The anticipated value is based on the period of the contract and expected mileage, and is usually referred to as the guaranteed future value (GFV) - essentially the value is guaranteed to cover the final payment of the loan. Depending on the lender, both companies and private individuals can undertake a contract purchase.

Agreements are usually between 24 and 48 months, depending on vehicle type and mileage, and at the end of the initial period you

have a choice of options. You can simply hand the vehicle back, and - providing the mileage is within the agreed total and the vehicle isn't damaged - have nothing more to pay. If the actual value of the vehicle is more than the final payment (GFV) you can part-exchange the vehicle; the funds remaining after settling the finance can be used as a deposit on a new agreement. A further option is to simply make the final payment so that you will then own the vehicle outright.

Business Contract Hire (BCH) is when you pay a fixed monthly amount for the use of a vehicle; it's a long-term hire typically between 18 and 60 months, and it is available to companies or sole traders.



Volvo XC90



Land Rover Discovery Sport

Servicing and maintenance can be included, and you don't have to worry about value depreciation. You will need to pay an advance rental – usually the equivalent of three, six or nine months' rental – and pay additional charges if you go over the agreed mileage, or if you return the vehicle with any

type of damage as this affects value.

Personal Contract Hire (PCH)

is another option you might want to consider; it's the same sort of deal, but rather than a business taking out the agreement, it's an individual. Standard contracts range between

18 and 48 months. In both cases, and for even more ease and peace of mind, you can include full maintenance and tyres to the monthly rental cost.

Finance Lease (FL) is available to VAT registered companies or sole traders, and you can choose whether to pay the entire cost of the vehicle across the agreement period (usually between 24 and 60 months), or have lower monthly repayments and make a final balloon payment. At the end of the agreement, the vehicle should be sold to a third party and most of the sales proceeds will be received by the business (usually between 95% and 99%).

To find out more about these finance options, and to discuss your individual circumstances, call TysonCooper on 01473 873004, or email riba@tysoncooper.com. You'll also be able to find out more about the exclusive RIBA membership discounts available on new cars, pick-ups and vans.

Can I claim back the VAT?

If you're VAT registered, you can reclaim up to 100% of the VAT on a commercial vehicle – including pick-up trucks if they have a payload of at least 1 tonne. If you are using a finance product such as BCH or FL to fund the vehicle, you can generally claim 100% of the VAT back on commercial vehicles and 50% on passenger cars – you can also claim 100% of the VAT back on any service or maintenance elements of monthly payments, and will usually receive an itemised schedule to enable this. Speak to your accountant or tax adviser to find out more.



Mitsubishi L200

BUY

Did you know that you can access your exclusive RIBA member discount on Mitsubishi simply by visiting [your local dealer](#)? Whether you're in the market for an L200 pick-up or an Outlander PHEV – or any model across the range for that matter – you can make great savings on your next new vehicle.



Audi Q5 TFSIe

FINANCE

The Audi Q5 TFSIe has now been added to the RIBA Vehicle Programme, so members can benefit from [fantastic savings](#) on this premium plug-in hybrid SUV. All funding offers are available on this model, including Personal Contract Purchase, Hire Purchase, Finance Lease and Lease Purchase.



Volkswagen e-Golf

LEASE

Are you looking for a business-use vehicle that strengthens your organisation's eco-credentials AND saves money on certain taxes and charges? You can join the electric revolution for just £211.98+VAT per month* and drive a new [Volkswagen e-Golf](#) as your company vehicle with this great business contract hire deal.

**CALL THE RIBA VEHICLE PROGRAMME TEAM AT TYSONCOOPER
ON 01473 873004 OR EMAIL [RIBA@TYSONCOOPER.COM](mailto:riba@tysoncooper.com)**

*Volkswagen Business Contract Hire based on Golf Hatch Ealc 35.8kWh 136 e-Golf 5dr auto, 6+23, 10,000 miles pa, customer maintained, you will not own the vehicle. Finance subject to status. Guarantees and indemnities may be required. Further charges may apply, subject to mileage and condition of the vehicle at the end of the contract. TysonCooper is a broker and not a lender, authorised and regulated by the Financial Conduct Authority - 687541.