

JIGSAW

FINANCE

LEASE PURCHASE EXPLAINED

- A Lease Purchase agreement is secured against the vehicle, similar to a Hire Purchase or Conditional Sale agreement
- Once all the repayments have been made, including the final payment and any Option to Purchase Fee (if applicable) you will become the legal owner of the vehicle
- This type of agreement may require you to make monthly payments at the beginning of the agreement known as (advanced payments) which are essentially treated as a deposit and a proportion of the cost of the vehicle is usually deferred until the end of the agreement known as a balloon/deferred payment
- This deferred figure is based on the estimated future resale value of the vehicle and is determined by the vehicle, age and mileage at the end of the agreement.



CONTACT US ▶



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HOW DOES IT WORK?

Choose your vehicle

Tell us how long you would like to make your payments over

Tell us how much/many advanced payments/ deposit you can put down

Tell us your expected annual mileage



YOUR MONTHLY PAYMENTS ARE BASED ON:

The cost of the vehicle

Length of your agreement

Your expected annual mileage

The size of your advanced payment/ deposit

The deferred payment

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GOOD TO KNOW

- There are no mileage restrictions on a lease-purchase, this purely helps the lender decide on a future resale value of the vehicle, however, lenders may impose certain restrictions on the use and location of the vehicle
- There may be an arrangement fee charged by the lender and usually, this can/will be included as part of your regular repayments
- It is your responsibility to tax and insure the vehicle whilst in your possession. You are also required to ensure the vehicle has a valid MOT throughout the duration of the agreement and that the vehicle is kept in good condition, maintained, and serviced in line with the manufacturer's guidelines.

At the end of the agreement:

Once all payments have been made, including the deferred payment, Option to Purchase fee if applicable, title to the vehicle will pass to you the customer

If the dealer's part-exchange value is greater than the deferred payment, this can be used as a deposit towards your next finance agreement or received as 'cash-back'. Alternatively, you can settle the deferred payment and sell the vehicle privately.

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ADVANTAGES:

- There are no mileage restrictions
- Lower monthly repayments as a proportion of the vehicle cost is deferred until the end of the agreement
- Your options at the end of the agreement allow you to either keep, part exchange, or sell the vehicle
- On concluding the agreement, should the value of the vehicle be greater than the Final Payment, you will have equity in the vehicle that you can put towards your next one
- Lower monthly repayments may help you to afford a higher specification vehicle
- You choose the length of the finance agreement.

BE AWARE:

- You don't own the vehicle until you make the final payment
- You can't sell or modify the vehicle before you become the legal owner
- There is no option to return the vehicle at the end of the agreement.
- If you fail to make your repayments, the finance company can repossess the vehicle
- The vehicle could be worth less than the deferred payment at the end of the agreement leaving you with negative equity if you decide to part exchange or sell it
- You must have sufficient funds (or apply for a second finance agreement) to pay off the deferred sum.



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