

Finance Lease FAQs



Frequently Asked Questions

Section 1 – About the Agreement

Q: What exactly is a BlueStar introduced Finance Agreement?

A: It is a contract between you and the finance company for the purchase of equipment that you have chosen through a supplier. The supplier provides you with the equipment, the finance company pay the supplier's invoice and you pay the finance company fixed regular monthly repayments over an agreed period.

Q: How long should the leasing period be?

A: The leasing period should be no longer than the expected useful life of the equipment. The lease period is mainly determined by the type of asset you are leasing. For example IT equipment is often financed over 3yrs whereas a telephone system may be financed over a period of up to 7yrs. We have the ability to provide you with a tailored finance solution to meet your needs and return on investment.

Q: How frequently do you require payments?

A: We have the ability to offer various payment profiles to match your needs. Monthly or Quarterly payments are typical for businesses whereas educational establishments may wish to pay Annually. Standard terms assume payments to be made by direct debit although payments by invoice may also be available.

Q: Can I change the payment frequency after the agreement has been signed?

A: Under some circumstances, it is possible to alter payment frequency, though there would be a fee associated with this request. The new repayment figure would be quoted to you at the time before any change is made.

Q: Are the payments fixed for the period of the agreement?

A: Yes - The repayments are not affected by fluctuations in interest rates. VAT will be charged at the rate applicable at the time repayments are due. If there are any changes in taxation or writing down allowances during the period of the agreement, the finance company may vary the remaining repayments to leave them in the same financial position they had assumed at the beginning.

Q: Can I change my mind after signing the agreement?

A: Finance Lease agreements are legally binding contracts. The duty to consider the contract in full before signing an offer for finance is on you. Once delivery takes place, the early termination rules, as stated in the agreement terms and conditions, apply. There is no cooling off period. You must notify us immediately if you decide not to proceed with the hire agreement before delivery, but that does not affect your obligations to the supplier under the order you will have placed with them.

'Equip your business today whilst leaving working capital free to develop your business tomorrow'

Q: Can I end the agreement before the end of the leasing period?

A: Yes – In most cases you will need to give us three months notice, return the equipment and pay all the remaining rentals less an early settlement discount. A written quotation can be provided on request. Calculations are in accordance with industry guidelines.

Q: What proportion of my repayments can I claim against tax?

A: Your Finance Lease payments are 100% tax allowable against taxable profits.

Q: Are these agreements regulated by the Consumer Credit Act?

A: If you are a Sole Trader or Partnership the agreements will be regulated by the Consumer Credit Act. This does not apply to Limited Companies or other corporate bodies.

Section 2 – About the equipment

Q: Who is responsible for insuring the equipment?

A: As soon as you take delivery of the equipment you are obliged to insure it against loss or damage. You are also liable for third party risks, including loss, damage or injury to persons or property. The finance company may ask you for proof of equipment insurance and if you do not have any, arrange it on your behalf. Often this premium can be refunded if you do provide proof that sufficient cover was already in place.

Q: What happens if the equipment is stolen or damaged?

A: If the equipment is stolen or damaged you should deal with this through your insurers in the usual way. You must tell us as soon as possible if any loss or damage has occurred. If you make an insurance claim that results in the equipment being replaced, then this new equipment will belong to the Finance Company. You will need to provide us with the new serial number/s.

Q: What if I have warranties or guarantees?

A: If you have paid for warranties or guarantees for the equipment you must first liaise with your supplier directly. You may of course contact us if you are experiencing difficulties and we will do our utmost to help.

Q: What about maintenance of the equipment?

A: You are required under the terms of the agreement to make sure that the equipment is taken proper care of and used in accordance with the manufacturer's instructions. You may have the option to include payments for maintenance under the terms of a separate maintenance agreement with the finance company. This must first be arranged with your supplier and agreed by the finance company. You may wish to arrange a separate maintenance contract with your supplier.

'Buy that which appreciates, lease that which depreciates'

J. Paul Getty

Q: Who should I contact if I have a problem with the equipment?

A: Queries regarding the operation/maintenance of the equipment should be directed to your supplier. We can only deal with queries related to your lease agreement. We will give reasonable assistance in helping to resolve any dispute but it must be clearly understood that we are not responsible for the choice of equipment or supplier.

Section 3 - About changes in circumstances

Q: What happens if I move premises?

A: Because the equipment is owned by the finance company, you will need their agreement to move it. Therefore, you should notify us with the details as soon as possible before the move and we will process the transfer request. The equipment must remain within the UK.

Q: What happens if I sell my business or want to transfer the equipment to someone else?

A: We may be able to arrange a transfer by way of setting up a new agreement for the remaining lease period, provided the proposed new customer passes the finance company's credit checks. There will be an administration charge applicable.

Q: Can I change or add equipment before the end of the lease period?

A: Yes - We pride ourselves on being able to offer you flexible finance solutions. There are various options available that we would be happy to discuss with you. All changes are subject to credit approval.

Q: What if I cannot meet the payments?

A: Under the lease agreement terms and conditions you are obligated to make payments to the finance company when they are due. Late payment charges will occur if payments are delayed. If you are having problems please contact us as soon as possible and we will see what we can do to help. If you remain in default of your obligations, the finance company will take the equipment back (subject to statutory provisions) and you will be liable to pay necessary compensation.

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