

Important: please read.

An Explanation of PCP and standard hire-purchase agreements.

This Explanation confirms the key features of the PCP and standard Hire Purchase agreements offered. Both of these finance products are forms of hire-purchase agreements and in this Explanation we refer to PCP hire-purchase agreements as 'PCP' agreements and standard hire-purchase agreements as 'Hire Purchase' agreements.

The full terms and conditions of your agreement will be set out in the credit agreement.

This Explanation is not a substitute to reading your agreement before you sign it and is only a general explanation of its key features. You can obtain further information and explanation at www.meridian-finance.co.uk

This Explanation includes information on features which may make the credit to be provided under the products described unsuitable for particular types of use or which may operate in a manner which would have a significant adverse effect on you in a way which you may not previously have foreseen.

You will be given additional information on the specific terms of your proposed agreement in a separate document, called Pre-Contract Credit information (Standard European Consumer Credit Information), also known as the 'SECCI'.

You should carefully consider the information in this Explanation and the Pre-contract Credit Information together with the verbal explanation given to you by us and/or the supplying dealer, so that you fully understand the key features and associated risks of the proposed agreement before deciding whether to proceed.

Some of the information in the Pre-contract Credit Information may change, e.g. If you decide to pay a larger deposit, choose additional vehicle options or you, or we, make another change affecting the financial details. If this happens, revised Pre-contract Credit Information will be given to you before you sign your credit agreement and you should consider it carefully to make sure it reflects what has been agreed before you sign your agreement.

You can take this Explanation and the Pre-contract Credit Information away with you.

IMPORTANT:-

You should carefully consider your ability to meet the repayments without undue difficulty during your agreement. You should take into account factors such as your income, your other financial commitments (both existing and in the future) and the impact of a future change in your personal circumstances.

The finance products are not suitable for you if you will not be able to make the repayments out of income and/or available savings (without having to borrow further or sell assets to meet the repayments). If after applying for credit you become aware of a change or a possible change in your financial circumstances before you take out your credit agreement with us, or there is any other information (for example relating to your health) that you think may be relevant to our consideration of your credit application, please contact us on 01342 301465.

Key Product Features

Your credit agreement will be in a document called “Hire-Purchase Agreements regulated by the Consumer Credit Act 1974.” (Both PCP and Hire Purchase agreements are forms of hire-purchase agreements). The agreement will finance the vehicle described in it and is not suitable for other purposes.

The PCP and Hire Purchase agreements both have the following features:

- fixed contract terms and fixed periodic repayments;
- interest charges (if applicable);
- hire of the vehicle with the option to purchase the vehicle at the end of the agreement;
- Option to Purchase Fee;
- statutory rights to repay all or part of the credit early at any time; and statutory right to end the agreement at any time before the final payment falls due by giving us written notice. Please see “Your Obligations if you choose to return the vehicle” for more information.

When comparing a PCP agreement with a Hire Purchase agreement, if the amount financed, contract duration, interest rate and credit fees are the same on both agreements, the PCP agreement will have lower periodic repayments and a higher final repayment and total amount payable. However, the final repayment under a PCP agreement is optional, as you have the following options at contact end:

- pay all periodic repayment plus the optional final repayment (including the Option to Purchase Fee) and keep the vehicle; or
- pay all periodic repayments plus the optional final repayment (including the Option to Purchase Fee) and part-exchange the vehicle; or
- return the vehicle and not pay the optional final repayment or Option to Purchase Fee. Excess mileage charges and vehicle condition costs may be payable.

Under a Hire Purchase agreement, the final repayment is not optional.

Under both PCP and Hire Purchase, the Option to Purchase Fee is payable if you purchase the vehicle at the end of the agreement.

How much will you have to pay?

This is shown in the Pre-contract Credit Information and in the credit agreement, including how much is payable periodically and in total under the agreement.

In a PCP agreement, the total amount payable includes the optional final repayment, which will not be payable if you decide to return the vehicle at the end of the agreement.

When will you be bound by a credit agreement with us?

You, Meridian or the lender can decide to withdraw from your credit application at any time before you sign the credit agreement. You will be bound by the agreement once you sign it (but see “Your Right of Withdrawal” below).

When you apply for credit, the lender will carry out credit checks from their own records and at credit reference agencies to help them decide whether to offer you credit.

Nothing in the Explanation or the Pre-contract Credit Information commits us to providing credit to you.

How long will the finance agreement last?

Your agreement will be for a fixed period, shown in the Pre-contract Credit Information and in the credit agreement.

You can repay the credit early in full at any stage by giving notice and paying the amount you own under the agreement (including the Option to Purchase Fee), which may be reduced by a rebate of credit charges. You can also repay the credit early in part at any stage by giving notice and making a lump sum payment. We will re-calculate and reduce your subsequent periodic payments accordingly. You may be entitled to a rebate of credit charges, You also have a right to early termination (sums may be payable).

What fees and charges will you have to pay?

The amount of each charge applicable to your proposed agreement is show in the Pre-contract Credit Information and in the credit agreement.

You will have to pay the following credit charges: interest, which is included in your periodic repayment, and the Option to Purchase Fee if you choose to purchase the vehicle at the end of the agreement.

You will have to pay additional charges, known as default charges, if you break the agreement. These charges are shown in the Pre-contract Credit Information and in the credit agreement.

If you choose a PCP agreement and return the vehicle, excess mileage charges will be payable if you have exceeded your maximum contract mileage (reduced pro rata to the actual period of hire if you terminate the credit agreement early). You should therefore consider carefully whether the maximum contract mileage in your agreement will cover the number of miles you expect to drive during your agreement.

Who owns the vehicle?

The lender will remain the owner of the vehicle throughout the agreement. You will only become the owner of the vehicle at the end of the agreement if you have paid everything payable under the agreement (including the Option to Purchase Fee and for PCP, the optional final payment).

Although the lender will own the vehicle during the agreement, you will be the registered keeper of the vehicle and you must pay any speeding fines, parking charges and other fees and charges that become payable in relation to the use of the vehicle.

Your obligation to insure the vehicle

You must take out and maintain comprehensive insurance for the vehicle (in your name) for the duration of the agreement. The products are therefore not suitable for you if you are disqualified from driving or unable to obtain vehicle insurance for any other reason.

If the vehicle suffers any accident damage, you must arrange for the vehicle to be repaired and pay for any repairs not covered by the insurance. If the vehicle is written off, you must claim under your insurance policy and ask your insurers to pay us the sums payable to us under the credit agreement.

Your obligations in relation to the use of the vehicle

As the lender will remain the owner of the vehicle during the agreement, you must look after it and there are restrictions on what you can do with it. Full details will be set out in your agreement. Your key obligations will be:

- 1) to keep the vehicle in good repair and condition and have it serviced, maintained and repaired (at your expense) in accordance with the manufacturer's handbook and keep a full service history (this does not affect your rights if we supply a defective Vehicle);
- 2) to keep the vehicle in your possession and control. You must not take out the credit agreement on behalf of someone else;
- 3) not to permit the vehicle to be used for hire, motor sports, or, if PCP, professional driving instruction;
- 4) not to attempt to sell or alter the vehicle.

You are allowed to take your vehicle to any country in the EU for up to 30 days (up to a maximum of 60 days in any calendar year) providing this is permitted under your motor insurance policy.

Your obligations if you choose to return the vehicle

If you decide to return the vehicle at the end of the agreement, or under your early termination rights, you must return it in good condition, allowing for fair wear and tear. In determining 'fair wear and tear', we apply the recognised industry standards published by the British Vehicle Rental and Leasing Association. You will be charged for any damage outside of fair wear and tear.

You must also return the V5C Registration Certificate, full service history, and MOT certificate and vehicle manual, failing which, additional charges will be payable.

If you have a PCP agreement, excess mileage charges will be payable if you have exceeded the maximum contract mileage. These are shown in the Pre-contract Credit Information and the credit agreement. In the case of early termination the maximum contract mileage will be pro-rated for the period you have held the agreement and excess mileage charges will be payable on the pro-rated figure.

What are the consequences of missing payments or breaking other terms of the agreement?

Missing payments or breaking other terms of the agreement could have serious consequences. The lender will report missed payments to credit reference agencies, which may make it more difficult and expensive for you to obtain credit from us and other lenders.

Missing payments may also increase the amount you will have to pay. The lender may charge late payment interest on the overdue sums. The rate at which this is charged is shown in the Pre-contract Credit Information and the credit agreement.

If you do not keep up your repayments or break another obligation in your agreement, the lender may become entitled to terminate the agreement and recover possession of the vehicle (we will need the court's permission to do this if you have paid one third of the total amount payable). You will also have to pay the outstanding balance payable under the agreement (including arrears and any default charges), less the Option to Purchase Fee, and rebate of credit charges to which you are entitled by law and our net sale proceeds of the vehicle.

The lender may issue legal proceedings to enforce the debt and you may have to pay our legal costs and other expenses. The lender may obtain a charging order (or in Scotland and inhibition) on your home to enforce any court judgement we obtain.

Your right of withdrawal

Unless the amount of credit provided to you under your agreement is over £60,260.00, you have the right to withdraw from the credit agreement by giving us oral or written notice before the end of 14 calendar days beginning with the day after the relevant day. If you sign the agreement at the dealership which supplies the vehicle, the relevant day is the day on which you receive a copy of the executed agreement from the dealership. In any other case, the relevant day is the day on which you receive written notice from us that the executed agreement is in identical terms to the copy of the unexecuted agreement which will have been given to you.

You must give us your notice of withdrawal by post or delivery to the lender directly.

Important: If you withdraw after the credit has been provided, you must, within 30 days after giving notice, pay the amount of credit, plus the interest accrued from the start of the agreement to the date you pay the amount of credit. You will become the owner of the vehicle when you make this payment. If you do not make this payment, we will be entitled to repossess the vehicle and sell it.

If the amount of credit under the agreement is over £60,260.00, you will not have the right to withdraw from it. In some circumstances, you may have a right to cancel the agreement under the Financial Services (Distance Marketing) Regulations 2004 by giving us written notice before the end of 14 calendar days beginning with the day after the day on which the agreement is made. The Pre-contract Credit Information and credit agreement will tell you if you have this right and will give further details of this right of cancellation.

If you have been introduced to a lender by a credit intermediary: the intermediary may only work with a limited number of lenders and may receive payments from us for introducing you to us. Our introduction of you to a lender or one of their finance products does not amount to independent financial advice.

Commission Disclosure

A commission may be payable to us for introducing your transaction to the lender.

Contract Hire

We also offer Contract Hire. This form of vehicle leasing which normally features an advance payment, followed by fixed periodic rentals over a fixed term and very similar obligations to insure and look after the vehicle during the agreement. Excess mileage charges may also be payable. Unlike with PCP and Hire Purchase agreement, you will not have the option to purchase the vehicle at the end of the agreement.

If you have a complaint

If you are dissatisfied with any of our products or services, you can contact ourselves directly by telephone: 01342 301465 or by email.

You may also have the right to complain to the Financial Ombudsman Service (FOS) at Exchange Tower, London E14 9SR.

If you are taking the agreement out in the course of business, you have the right to complain to FOS providing you have an annual turnover of less than 2 million Euros and fewer than 10 employees. You may raise a complaint with any trade bodies of which we are members.

Contact us:

You can contact us in any of the following ways:

By telephone:

01342 301465

By post:

Meridian Finance Partners Ltd. 1st Floor Medway House,
18-22 Cantelupe Road, East Grinstead, West Sussex, RH19 3BJ

By email:

info@meridian-finance.co.uk