



# Finance Lease Agreement

## Product Information Sheet

### About this Information

You should read this document and all the other information we provide to you carefully so that you can decide whether this product is right for your needs and circumstances.

This is key information that will help you understand our Finance Lease product. This document does not contain all the information about the agreement you will enter with us.

Finance Lease Agreements are provided by AGCO Finance Limited (we/us) which is a joint venture between the global financial solutions partner DLL and global machinery manufacturer AGCO Corp.

If, after reading this features and benefits document, you require further information or have any questions we encourage you to contact us. Details of how to do this are shown at the foot of this document.

### Features and Benefits

- ▶ Use of equipment without investing significant capital.
- ▶ An alternative line of credit.
- ▶ Your payments made over the term of the agreement cover the full equipment cost, plus financing charges.
- ▶ We pay your nominated supplier the cost you have agreed (plus VAT) if applicable.
- ▶ You pay VAT on the lease payments throughout the finance term, at the prevailing rate.
- ▶ VAT charged on your lease payments can be reclaimable by you (if the business is VAT registered with His Majesty's Revenue & Customs).
- ▶ You pay fixed payments (even if corporation tax rates change).
- ▶ The gross payment amount is subject to change if the VAT rate changes.
- ▶ Agreement terms are typically fixed for 12 to 84 months.
- ▶ For treatment of tax/accounting we advise you to speak to your financial advisor or accountant.\*
- ▶ The lease cannot be terminated by us unless you fail to comply with the terms and conditions of the lease agreement.
- ▶ You do not own the equipment.
- ▶ Your options at the end of the lease term includes returning the equipment to us, selling it as our agent or continuing to lease for a lower secondary repayment as shown on your Finance Lease Agreement.

**\*You should always seek advice from your accountant, financial and/or legal advisor before entering into any finance transaction.**



## Frequently asked questions

### What is a Regulated Finance Lease?

- ▶ A Finance Lease is a contract between two parties where one party, the lessor (us), allows the other party, the lessee (you), use of the equipment for a fixed period in exchange for regular payments.
- ▶ The Finance Lease Agreement is Regulated by the Consumer Credit Act 1974 (as amended) if:
  - It is a business hire agreement/Finance Lease Agreement where the total payments payable (plus VAT) totals up to £25,000 during the fixed term; and
  - You are a sole trader, partnership of 3 partners or less or an unincorporated body such as a club or society.

### Can I select the supplier of the equipment?

- ▶ You control the buying process by selecting the supplier and, as long as they are approved by us, we pay them for the equipment you select at the price you have agreed, less any part exchange and cash payments paid direct to the supplier.

### How can a Fixed Term Finance Lease be used?

- ▶ A Fixed Term Finance Lease provides you with the use of equipment over a fixed period for a known regular payment.
- ▶ You pay periodic payments that cover the full cost of the equipment over the term plus financing charges.
- ▶ VAT is payable on payments as they fall due at the prevailing rate.
- ▶ The lease must be for approved business equipment.

### Who can request a Fixed Term Finance Lease from AGCO Finance Limited?

- ▶ It may be suitable for any UK based business, purchasing an AGCO item of equipment or an Agribusiness purchasing an asset for their business and looking to acquire the equipment by paying for it over a period.
- ▶ The business must be able to demonstrate affordability.



## What are the benefits of a Fixed Term Finance Lease?

- ▶ VAT is chargeable on the payments as they fall due rather than on the full cost of the equipment (NOTE – VAT rates may change during the term).
  - ▶ Typically, no additional collateral or security required.
  - ▶ Unlike a bank overdraft, a lease cannot be terminated by us unless you are in breach of the terms and conditions of the agreement, or a specified termination event occurs.
  - ▶ Additional line of credit for the business to your main business funding facilities.
  - ▶ Payment amounts are fixed and scheduled so help with budgeting and cashflow.
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## How do we make our decision as to whether we wish to offer a Fixed Term Finance Lease?

### To help us decide whether to offer you a Fixed Term Finance Lease, we may require:

- ▶ The latest Information on your business e.g. financial statements, bank statements
  - ▶ If you have been a customer before, any information we already hold about you.
  - ▶ Information we receive from enquiries we make about you; and
  - ▶ We may also view your credit history with a Credit Reference bureau or ask them to make enquiries for us.
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## What if I change my mind after signing the agreement?

- ▶ You have the right to cancel a regulated Finance Lease Agreement within 14 days of receiving either a copy of the signed agreement, or notification that the agreement has been signed by us.
  - ▶ If you wish to cancel you can do so by contacting us in writing at the address below.
  - ▶ If you cancel the agreement, please note that you would only be cancelling this agreement and not necessarily any agreement for the asset and/or services you have entered into with the supplier and you may still be liable to make them good on the transaction.
  - ▶ Once the cancellation period has expired, you have limited rights to automatically terminate the agreement. Once you have paid 50% of the Full amount payable shown on your agreement stated in the agreement you can return the equipment to us, subject to the asset being returned in an appropriate state.
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## Does taking out an agreement with you affect my credit rating?

- ▶ As part of our application process we will notify you before making a check on your credit history with a Credit Reference Bureau.
  - ▶ Our enquiry will show on your record with them and may affect how others subsequently use this information in granting credit to you.
  - ▶ If you fail to make payments on the due dates, we will register this with a Credit Reference Bureau. This may affect how others view your creditworthiness.
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## How do I make my payments?

- ▶ To ensure that payments are made on the right date all payments must be paid by Direct Debit.
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## How will I know how much I must pay?

- ▶ Your Finance Lease Agreement will clearly state the payment amounts, number, and frequency along with the due dates.
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## What interest rate will I be charged?

- ▶ Interest rates used to calculate the payments are fixed at the outset and will not change once your Finance Lease commences.
  - ▶ Your payment amounts will be detailed on your Finance Lease Agreement.
  - ▶ We do not disclose the interest rate used in calculating the payments.
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## Are there fees payable?

- ▶ A documentation fee to cover part of the cost of setting up the Finance Lease Agreement may be charged on the start date of the Finance Lease Agreement. The amount payable will be clearly detailed in the agreement and will be taken with the first payment.
  - ▶ Fees may be charged for various items during the term, e.g. for rescheduling payment dates, providing copy documentation, changing bank details.
  - ▶ Contact us for the current list of charges and fees that may be applicable.
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## Is there any commission payable to the supplier/broker?

- ▶ Commission may be payable by us to the supplier of the equipment and/or your finance broker and/or any other connected party.
  - ▶ Details of any commission paid, including the amount and how it was calculated, can be obtained from the dealer/broker or us on request.
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## What if the equipment is faulty?

- ▶ In the first instance, you should speak with the supplier to see if they are able to rectify the problem or suggest another suitable remedy.
- ▶ If the supplier is unable to resolve the issue you should contact us and we will take steps to try and resolve the issue.
- ▶ If the cost of the equipment is below £30,000 you may have a right to take legal action against the supplier or us or both under Section 75 of the Consumer Credit Act. Speak to your legal advisor or contact us to discuss what your rights are.

## Can I end the Finance Lease early?

- ▶ There is no right to unilaterally terminate the Finance Lease Agreement early.
- ▶ If you wish to discuss terminating the Finance Lease Agreement before the end of the term you can do so by contacting us and we will consider your request and advise you of your options.

## What happens if I were to miss a Finance Lease payment?

- ▶ Making timely payments on the due date is a strict condition of the Finance Lease Agreement and why we collect payments by Direct Debit from your bank.
- ▶ Failing to pay your payments on the due dates will mean that you have broken the terms of the Finance Lease Agreement.
- ▶ You should contact us before you intend to miss a payment to see if there is a way we can help, e.g. change the date of payment, reschedule future payments – Any changes to payment dates may incur additional interest.
- ▶ If you fail to contact us, we will contact you to discuss your options for bringing the Finance Lease Agreement back up to date.
- ▶ If you fail to make your payment(s) on the due date(s) it can affect your credit rating. This may have severe consequences on your ability to obtain future credit and/or it may make future credit more expensive.
- ▶ This may lead to us taking action to recover the equipment and any associated costs.
- ▶ Full details of the consequences of missing a payment are outlined in the Finance Lease Agreement.

## Contact Us

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<https://www.agcofinance.com/gb/en-gb/contact/contact-details>

### **AGCO Finance**

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