



Commercial  
Vehicles

# Volkswagen Commercial Vehicles Finance Lease – Balloon Payment

## Product Information Guide

Volkswagen Commercial Vehicles Finance Lease – Balloon Payment is a rental agreement where you may share the potential risks or rewards of the future resale value. This is available for business and personal customers but unfortunately not for hire and reward purposes.\*

### So, what are the financial benefits of a Balloon Lease agreement?

- Lower monthly rental payments, as you can defer paying a chunk of the vehicle's value until a later date. This is called a final balloon payment
- An opportunity to share in any profit from the sale of the vehicle which will contribute to or settle the final balloon payment, yet there may also be a risk of the vehicle depreciating more than expected
- For business users:
  - A proportion of the rentals may be claimable as an expense against taxable profits<sup>#</sup>
  - A proportion of the VAT on rentals may be recoverable by VAT-registered businesses<sup>#</sup>
- You have two options at the end of your agreement. See below for more detail

### How does it work?

Before your agreement can begin, you have four simple decisions to make:



#### What vehicle would you like?

Visit your local Volkswagen Commercial Vehicles Retailer or explore our range of vehicles online



#### How much would you like to pay as an initial rental payment?

This can be as little as one month's rental



#### How many miles will you drive each year?

Maximum annual mileage 60,000



#### What contract term best suits you?

Choose a term between 12 and 48 months

Once you have made these decisions, we will then calculate a monthly rental payments amount and the final balloon payment.

## Once your agreement has started, this is what happens:

- You pay back your monthly rental payments over the period you agreed at the start of your agreement
- To keep enjoying the vehicle, you need to keep up to date with your monthly rental payments. Failure to do so can impact your credit rating and result with the vehicle being repossessed. If you are experiencing any money struggles, please contact us as soon as possible on 0330 100 8907 so we can discuss what options may be available
- To protect its value, you should keep the vehicle in good condition as this will affect the value of your vehicle when you come to sell it. Any repairs must be done to Volkswagen Commercial Vehicles standards
- Under exceptional circumstances, should you need to end the agreement early, contact us to discuss the possibility of an 'Early Termination'. How far into your rental agreement you are will affect the amount left to pay

## When your rental agreement comes to an end, you have two options:

You can sell the vehicle to an unconnected third party on behalf of Volkswagen Commercial Vehicles Financial Services and then settle the final balloon payment.



If the vehicle is worth more than the final balloon payment, you can then share in any excess sales proceeds. However if the vehicle is worth less then you must cover the shortfall



Alternatively, if you want to keep using the vehicle, you can settle the final balloon payment and enter into a secondary hire period, paying an annual rental

With Finance Lease, you are responsible for paying the final balloon payment regardless of the future resale of the vehicle once the agreement has ended.

\*i.e. taxis, driving schools, body-shop usage, long term sub-let agreements (>1 month) or replacement vehicle insurance claim business. An offer of finance depends on certain conditions. Subject to status. Available to 18s and over in the UK only. Terms and conditions apply. #The information contained within this guide does not constitute tax advice. If you require guidance, you should contact HMRC or seek independent professional advice. Volkswagen Commercial Vehicles Financial Services.