



Finance Lease

Finance Lease is a rental agreement where you may share the potential rewards of the future resale value

How does it work?

Finance Lease is a rental agreement that gives you the opportunity to share in the sales proceeds at the end of the agreement. There are two types of Finance Lease agreement - 'balloon' rental payment and full pay out. This page explains 'balloon' rental payment.

'Balloon' rental payment

This is when you defer a proportion of the value of the vehicle until the end of the agreement generating lower monthly rental payments.

Cost of your vehicle

Initial rental	Rental payments	Final 'balloon' payment
As little as one rental in advance	Spread across 18 to 48 months	You have three choices at the end of your agreement

Once you have selected your initial rental, there are three decisions to make that will affect your monthly rentals:

- 1 Your rental payment period**
Choose any period between 18 and 48 months
- 2 Final 'balloon' payment**
Defer an agreed amount until the end of the agreement. This is known as a 'balloon' repayment
- 3 Mileage**
Choose how many miles you expect to drive each year[†]

FAQs

Can I get a Finance Lease agreement?

Finance Lease agreements are available for both retail customers* and business customers[^].

How will a 'balloon' rental payment Finance Lease benefit me?

- 1 Lower monthly rental payments than a full pay out agreement
- 2 Opportunity to share in any excess sales proceeds which may settle or contribute to the final 'balloon' rental payment
- 3 Depending on levels of business use an element of VAT may be recoverable by VAT registered businesses[#]
- 4 A proportion of rentals may be claimable as an expense against taxable profits[#]

Important information to consider

- 1 It is really important that you keep up to date with your monthly repayments, so please contact us if you are having any difficulties as the vehicle may be at risk if you don't
- 2 You are responsible for the repayment of the final 'balloon' payment, regardless of the vehicle sales proceeds at that time
- 3 It is important you keep the vehicle in good condition as this will affect the vehicle's resale value, and your sales proceeds
- 4 If you wish to end your agreement early you can request a settlement quote. How far into your agreement you are will affect the amount left to pay

What happens at the end of my 'balloon' rental payment agreement?

At the end of your agreement you have three options:

- 1 Pay the final 'balloon' rental payment and then sell the vehicle on behalf of Volkswagen Finance to a selected third party and receive a percentage of the sales proceeds
- 2 Enter into an annual rental agreement and retain the use of your vehicle
- 3 You can stretch the final 'balloon' rental payment over a period that takes the total agreement length up to 60 months. You can then additionally choose from either of the above two options

Will I own the vehicle?

No you will not own the vehicle.

[†]Mileage restrictions apply. ^{*}Those using the vehicle for personal use. [^]Limited Companies, Sole Traders, Partnerships and Limited Liability Partnerships. [#]This is subject to a 50% block where there is any element of private use. The above note is intended as a summary of the principles of VAT and tax in this complex area. It is not intended to be and should not be construed as constituting tax advice and we make no representations, warranties or guarantees, whether express or implied, that the content is accurate, complete or up-to-date. Volkswagen Financial Services (UK) Limited cannot be held liable in any way for any reliance upon this document, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, even if foreseeable. For specific tax advice relating to your particular set of circumstances, you should contact your own HMRC officer or your usual VAT / tax advisers. An offer of finance depends on certain conditions. Subject to status. Available to 18s and over in the UK only. Volkswagen Finance.