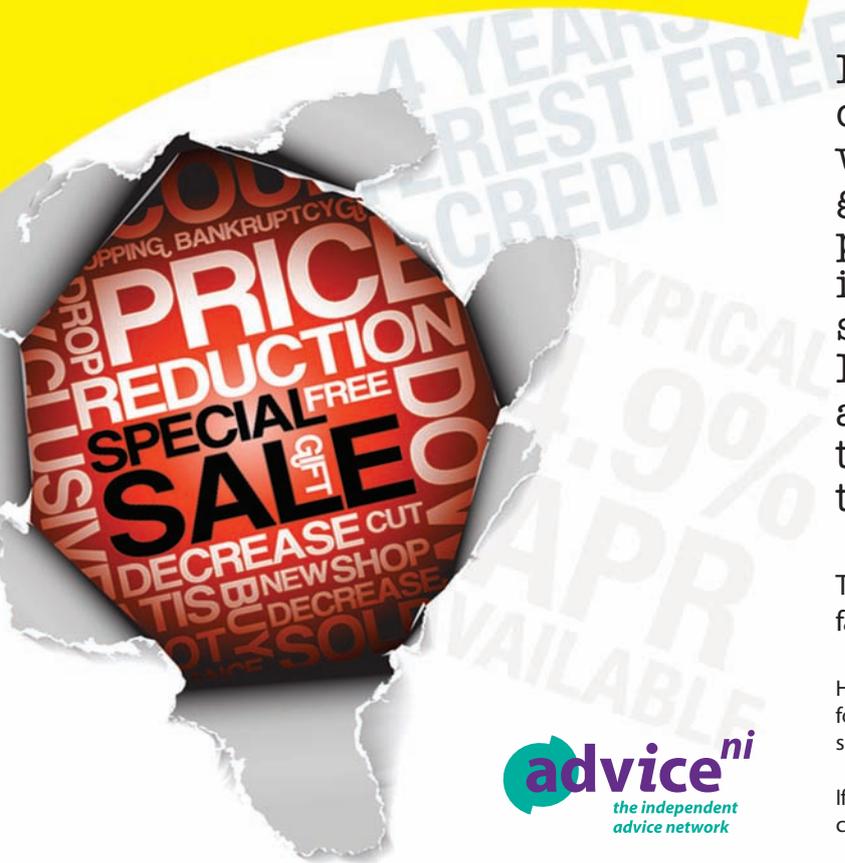




Hire Purchase (HP)
These goods are mine aren't they?

Hire Purchase (HP)

These goods are mine aren't they?



Hire Purchase is a credit agreement which lets you get the goods right away and pay for them by instalments. A conditional sale agreement is similar. But with both these agreements you do not own the goods until you have paid the final payment.

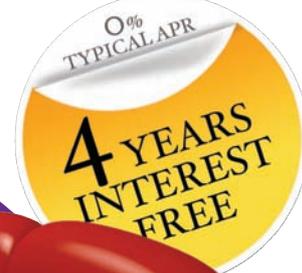
The creditor has the right to repossess the goods if you fall behind on payments.

Hire Purchase and Conditional Sale agreements are mainly used to pay for big cost items usually cars. Only these two agreements give you special rights which are set out on the front of the agreement.

If you are unsure about the type of agreement you have signed, please check the original paperwork, or contact Advice NI for advice.



Where a creditor terminates an agreement and repossesses the goods, you may still have to pay the full amount owed on the original loan....



Repossession of the Goods

Where you do not maintain the contractual payments in full for this type of credit agreement you risk losing the goods.

If you fall behind with your payments the creditor will send you a 'default notice'. The notice tells you what to do to fix the default and gives you time to act.

If you ignore that default notice then the creditor can re-possess the goods.

Protection from Repossession

Your goods are protected from repossession if you have paid over one third of the total hire purchase price (including any deposit or exchange allowance). Creditors cannot re-possess protected goods without getting a court order unless of course you allow them to take the goods.

If the creditor goes to court to get a repossession order you may still be able to keep the goods if you can show the court that you can pay back the arrears in reasonable instalments.

Where a creditor terminates an agreement and repossesses the goods, you may still have to pay the full amount owed on the original loan, less the money you have already paid and any money the creditor receives from the sale of the goods.

You will need to negotiate a reduced repayment offer of payment to deal with the remaining debt as you would with any other credit agreement.



Handing the Goods back

You have the right at any time to return the goods and terminate your agreement under Section 99 of the Consumer Credit Act 1974 (unless the creditor has already terminated it or the full balance has become due). This is known as Voluntary Termination. You will only be liable to pay up to half of the total loan plus any arrears and the cost of any damage, less the payments already made (including deposit).

You must write to your creditor to inform them that you are terminating the agreement.

If you do not terminate in writing, the creditor will not treat it as voluntary termination and you will not benefit from 50% limit on liability clause. Keep copies of all letters you send to the creditor and send by recorded delivery.

If you are considering terminating a hire purchase agreement you should seek advice on the procedure and how to deal with any remaining balance.

If you have already returned the goods to the creditor, the remainder of the debt can be treated in the same way as your other unsecured debts. If you do not agree with the amount the creditor says that you owe it is important to write and tell them.

Please contact Advice NI for further information.

Keep copies of all letters you send to the creditor.

Selling the goods

You cannot sell the goods until the loan has been repaid unless the creditor/lender has given their written permission.

If the goods are sold without permission it can be a criminal offence.

*For further help and advice including
information on Debt Advisors in your area
contact:*

Debt Action Northern Ireland
www.debtaction-ni.net



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