Financing your motorcycle
We offer two main types of motorcycle finance:

1) Hire Purchase (HP).
2) Personal Contract Purchase (PCP)

Both are forms of "Asset Finance". The lender's business model sets the interest rates they charge based upon the fact that they can repossess the motorcycle in the event that the borrower defaults on the payments in order to minimise their losses. The borrower does not own the motorcycle until all the payments have been made. Note though, that the borrower always has the right to settle the outstanding capital at any time in full and will get a refund of interest normally payable on the remainder of the term. This means that the amount required to settle the finance early will usually be less than the sum of all remaining payments. This obviously does not apply to 0% deals where there is no interest payable.

The borrower also has the right to pay lump sums in to the agreement in order to either shorten the term (time and number of payments left), or to keep the term and lower the monthly payments.

The interest rate chargeable on either type of agreement is fixed at the start of the agreement, and your monthly payments are likewise fixed, making budgeting straightforward.

Our finance is available only to UK residents aged 18 years or over, and the finance company will conduct affordability checks in order not to lend to people who may be vulnerable to excessive indebtedness.

Hire Purchase Agreements:

Good for someone who can afford higher monthly payments and likes the idea of paying the value of the bike off more quickly, as well as incurring less total interest charges. Good for someone that wants to keep the bike for a period after the end of the finance agreement, but also better for someone who thinks they may want to change their bike more quickly than waiting for the end of the term, as they will have more equity in the bike sooner than with a PCP.

- Fixed monthly payments from start to finish.
- Payment terms usually from 12 to 60 months.
- The final payment will incorporate a "purchase" fee and the ownership of the motorcycle reverts to the borrower when this payment is made. Until this happens the motorcycle is the property of the finance company.
- You may not sell or dispose of the motorcycle without first settling in full the outstanding finance, or arranging for a buying dealer to do this for you.
- May be available for vehicles deemed too old for a PCP agreement by the finance company.
- The "Total Amount Payable" (TAP) under the agreement will be less than with a PCP of the same term and interest rate, as the capital is repaid more quickly and therefore the loan incurs less total interest.
- In most cases you will have more equity in the bike at an earlier stage than with a PCP loan of a similar term.
- If you don't keep up with your repayments, the vehicle may be repossessed.

Personal Contract Purchase Agreements:

Good for someone who wants to fund a newer or more expensive motorcycle with potentially better peace of mind regarding condition and reliability, or perhaps a new motorcycle with the security of a manufacturer's warranty. Someone who is not concerned about ownership at the end of the agreement or having a large amount of equity in the motorcycle.

- Fixed monthly payments from start to finish.
- Payment terms usually from 24 to 48 months.
- Payments through the term of the agreement are usually substantially lower than with a straightforward HP deal of the same term. This is because the amount of capital being repaid is substantially less than with an HP agreement.
- At the end of the term there is still a substantial sum owed by the borrower. Commonly called a balloon payment.
- The borrower has three options regarding how to deal with this.

1. Pay the outstanding balloon payment from savings or by re-financing this sum with the current financing company or any other bank or finance company.
2. Sell the bike to a dealer or trade it in for a new motorcycle. We will usually pay more for a motorcycle at the end of a PCP deal than the outstanding sum required to settle, thus you would have some equity available as deposit for a new purchase, or of course some cash to enjoy if not buying a replacement. There is not a guarantee that the motorcycle will be worth more than the final balloon payment but this is what happens in most cases.
3. Hand the vehicle back to the finance company after having made the final regular payment. The PCP agreement includes a Guaranteed Future Value (GFV) set by the finance company that should ordinarily settle the final balloon payment, however, this is subject to certain conditions regarding the condition in which the motorcycle is being returned, which includes the mileage undertaken as well as how well it has been looked after, including service history. The consequence of not meeting the finance company's terms in respect of condition and mileage will usually be having to make a further payment in compensation. This will be determined by the finance company at the time. In the case of mileage being over the agreed amount, this is usually a simple "pence per mile" figure advised in advance.

   Link to an example "Good Condition Guide" from Blackhorse.

- The GFV does have the benefit of reassuring the borrower that they have a right to exit the finance at the end of the term (subject to the terms detailed above) in the unlikely event that the motorcycle being financed suffers substantial unforeseen depreciation.
- As with regular HP agreements the motorcycle remains the property of the finance company until all payments, including the balloon payment have been made.
- You may not sell or dispose of the motorcycle without first settling in full the outstanding finance, or arranging for a buying dealer to do this for you. Selling, or trading the bike back to a dealer is often the most straightforward way of ending the finance agreement.
- You may settle the finance at any time, but should be aware that compared with regular HP, the amount required to settle will probably remain more than the bike is worth to a dealer for a much longer period, unless a substantial deposit was paid at the outset. It will probably be difficult to change your bike for some time after taking out a PCP agreement unless you have additional funds available to make up any shortfall.
- PCP has tighter age restrictions on bikes than HP, so is not usually available for bikes over 5 years old.
- As with HP, if you don't keep up with your repayments, the motorcycle may be repossessed.