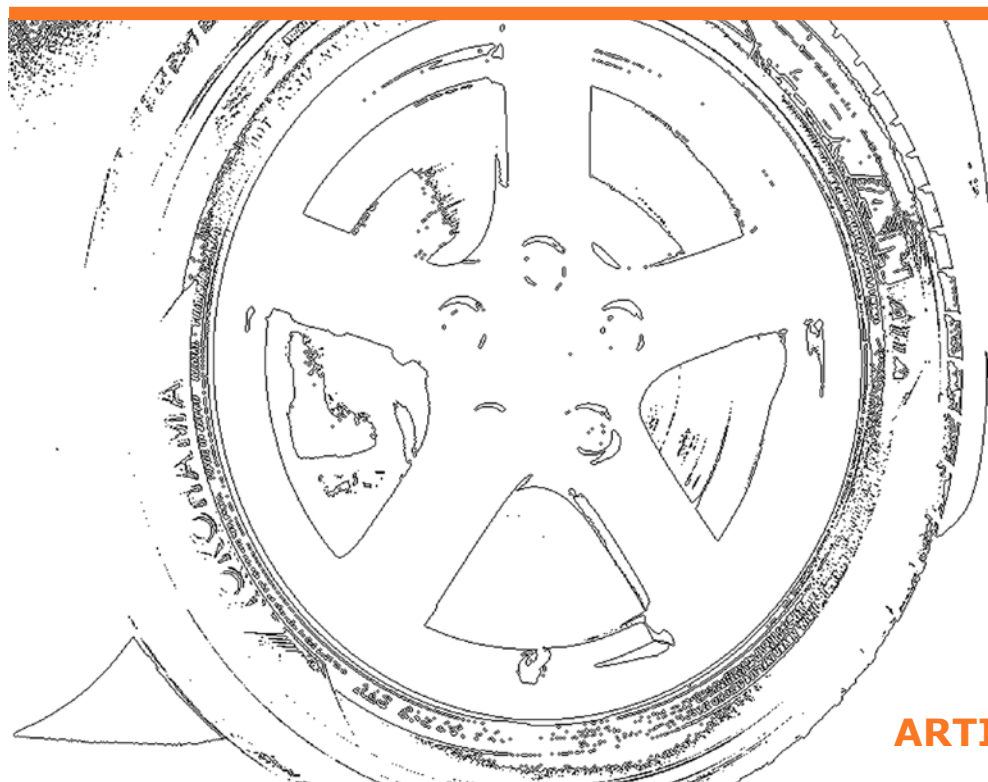


# Knowledge

# BANK



**ARTICLE 12**

A guide to brokers

### A guide to brokers

#### Brokers

There are more than a thousand car finance and contract hire brokers in the UK. Some specialise in providing vehicle loans, some only offer contract hire and others use a funder to supply the finance while they supply, maintain and manage the vehicle.

It is easy to set up in business as a contract hire broker. Many contract hire companies are happy to take introductions from brokers.

Some brokers are one-man-bands, others are big businesses arranging finance for more than a thousand cars a year.

Many brokers present you the funder's agreement to sign. You therefore enter into a direct contractual relationship with the funder. The broker may then offer you their own maintenance package, or that too may come direct from a contract hire company.

Some players in the market will offer you their own contract hire agreement to sign. It is clear to you when you sign that you are entering into an agreement with a contract hire company and you have dealt with the representative of the contract hire company. However, many contract hire companies are in fact brokers acting as undisclosed agents for a contract hire company. In this situation the agreement you have signed is not with the agent at all but with the contract hire company that stands behind them that is providing the finance.

You may find there are advantages in doing business through a contract hire broker. There is no need to shop around for the cheapest quote – the broker will do this for you.

If your business is not financially strong a broker is likely to be able to find a company willing to lease to you, whereas you might otherwise spend ages trying to find someone.

And a local broker who gets to know you and your business may be able to offer a more tailored and intimate service for you than a large contract hire company could provide.

### A guide to brokers

The main disadvantage in doing business via a broker is that you are introducing a third party to the transaction and they have to live, too. Brokers earn quite healthy fees for introducing business to contract hire companies, hundreds and sometimes over a thousand pounds per vehicle. You will be paying for this through your rentals and it is for you to decide whether you are getting good value for money.

It is a sign of the increasing importance of brokers in this market that the BVRLA has created a new category of membership to allow brokers to become members for the first time.