



VAN MAN: Boss Richard Bent has bought six vans after problems leasing

Buying 'saves on the costs of fleet vehicles'

IT'S a dilemma that all small business fleet operators have grappled with – whether to lease their vehicles, or to buy.

About 60 per cent of companies choose to lease, according to fleet industry figures. Typically this is because the costs are fixed over a two or three-year period and firms avoid depreciation costs.

But some small businesses may be missing out on a chance to save thousands of pounds if they buy.

Ashley Winston, 35, is founder of Palmdale Motors, based in Ealing, west London, which buys new and used vehicles on behalf of clients.

He says: 'Companies that use asset finance to purchase one-year-old fleet vehicles can expect to have almost exactly the same monthly payments as those that lease.'

'In addition, buying offers more flexibility. A firm might need to change a fleet vehicle for a particular job, but leasing agreements can be inflexible when it comes to requesting changes mid-term.'

'And once the vehicle is paid for it becomes a business asset.'

Winston estimates that by buying, rather than leasing, a business could make savings of £20,000 a year on a fleet of ten vehicles.

Buying also avoids the penalties levied by leasing companies at the end of the term, such as additional payments for going over the mileage agreement or steep charges for minor damage such as a tiny scratch

on the vehicle. It was the extra leasing charges that finally prompted Richard Bent, 47, managing director of contract cleaning firm Lakethorne Group, based in Park Royal, north-west London, to buy six new vans to add to his 18-strong leased fleet last year.

He says: 'Leasing firms have really tightened up on penalties in the last few years and we have been caught out.'

'By running our own vehicles for five years instead of leasing for three, and without the extra penalty charges, we estimate that we can save around £4,000 per vehicle.'

The one big deterrent to buying is the lack of business funding, which could lead business owners to question the logic of tying up available lines of finance in buying a car or van.

David Lacy, operations director at vehicle management company Fleet Department, which advises the Forum of Private Businesses on vehicle finance, says: 'It's not an option for every business, but for those that do have the cash or access to asset finance, buying is certainly worth looking at.'

'A lot will depend on the type of vehicles being used by the company. Some of the larger vehicles, with bigger engines and higher carbon emissions, for example, will be harder to sell because of the vehicle tax implications.'

— KATIE TAYLOR