



Having difficulty paying?

Here's how we can help if you're struggling to make your payments

We understand that sometimes life doesn't go according to plan and that can have an impact on you financially. If you can no longer afford your motor finance loan with us, please get in touch with us so we can help.

You can contact us by:

0345 149 7771 mfservicing@paragonbank.co.uk

Paragon Motor Finance, 51 Homer Road, Solihull, West Midlands, B91 3QJ

How we can help



Here are some of the options we have available to help depending on your circumstances. We've also included some of the key things you need to consider before agreeing to that option.

Options available if you're suffering financial difficulties

1 Non-payment period

You may be able to take advantage of a period of non-payment, where we do not expect you to make payments towards your account.

We offer this to those who have experienced financial shock and expect to be back on track within six months. It's a short term option only, available for up to a maximum of three months based on your individual circumstances. If after three months you are still struggling financially, then we can review your situation to make sure we're giving you the help and support you need.

With this option, if your circumstances improve sooner than you expected, you can cancel it at any time and return to making your contractual payments. There is also a 10-day cooling off period in case you change your mind.

Key things you need to be aware of with this option:

- We may continue to charge interest on your loan during this time which can increase your overall debt
- We will report your account as 'in an arrangement' to Credit Reference Agencies, but this option will still have an impact on your credit file
- You may not repay your loan within the agreed term. You may therefore pay more interest than you originally expected

2 Breathing space

Whilst you're getting advice and working out how you'll deal with your finances, we can offer you breathing space for up to 30 days. During this time, we'll put a hold on any collections activity you may be experiencing in the form of letters and phone calls. However, due to regulatory requirements you may still receive some letters or statements. We may also continue to add interest or charges as normal during the breathing space and this will be reported as non-payment for the 30 day period to the Credit Reference Agencies.

Key things you need to be aware of with this option:

- You may not repay your loan within the agreed term. You may therefore pay more interest than you originally expected

3 Reduced payment arrangement

We may be able to reduce your monthly payment for an agreed period, which could help ease you back into your normal payments. The arrangement will be based on how much you can afford to pay each month and is a short to medium term solution to financial difficulty, offered for a maximum of 12 months.

Again, with this option, if your circumstances improve sooner than you expected, you can cancel it at any time and return to making your contractual payments. There is also a 10-day cooling off period in case you change your mind.

The benefit of this option means that by paying something towards your loan, we'll charge you less interest than we would if you took a payment break or paid nothing.

Key things you need to be aware of with this option:

- If you take advantage of a reduced payment arrangement, you will still be responsible for paying off the amounts you have deferred, which may also incur interest
- We will report your account as 'in an arrangement' to Credit Reference Agencies so this option will still have an impact on your credit file
- You may not repay your loan within the agreed term. You may therefore pay more interest than you originally expected

4 Interest reduction or suspension

We may be able to help you by offering a reduction or suspension of any additional interest and fees to prevent your account balance from increasing.

We recognise that some situations are out of your control and that your circumstances may be unlikely to change for a while.

We may also suggest it in addition to another option mentioned in this leaflet, in order to support you during your financial difficulties.

Key things you need to be aware of with this option:

- You may not repay your loan within the agreed term

Options available for paying off your arrears

1 Spread the cost monthly

If you're starting to get back on track following a period of financial difficulty, we may be able to set up an arrangement to increase your monthly repayments, so they include your arrears until you have paid these off. Once you've paid off your arrears, your repayments will then return to your original contractual amount.

Key things you need to be aware of with this option:

- Arrears accrue interest so there may be a small amount of interest to pay at the end of your loan term
- You may not repay your loan within the agreed term. You may therefore pay more interest than you originally expected

2 A Lump sum payment

If there has been an improvement in your circumstances, it may help you to pay off your arrears as a single lump sum payment, so your contractual monthly payment stays the same. If you wish to do this, then please call us and we can provide you with payment information over the phone.

Key things you need to be aware of with this option:

- Arrears accrue interest so there may be a small amount of interest to pay at the end of your loan term
- You may not repay your loan within the agreed term. You may therefore pay more interest than you originally expected

Options available to settle your agreement early

1 Peaceable possession

This option allows you to hand back your vehicle and pay off any outstanding balance once your vehicle has been sold. Again, by doing this you will no longer have the monthly outgoing of your motor finance loan which may help your circumstances.

Key things you need to be aware of with this option:

- You will need to send us written notification by email or post that you wish to hand back your vehicle by 'peaceable possession' and we will then arrange to collect it
- We'll sell your vehicle at auction using one of our local auction houses and use the money from the sale to pay your remaining balance including any balloon payments due. However, if there is a shortfall on this balance, you are responsible for the outstanding amount and we'll call you to discuss your payment options. If we sell your vehicle for more than the outstanding balance, we'll return any remaining money to you.
- If your account falls into arrears during this process or there is a shortfall or outstanding arrears after the sale of the vehicle, it may have a negative impact on your credit file

2 Sell your vehicle

If you're looking to settle your agreement you are welcome to sell your vehicle yourself and pay off your motor finance loan with the proceeds.

Key things you need to be aware of with this option:

- You need to continue to make your monthly payments whilst you sell your vehicle to stop your account falling into arrears
- If you sell to a dealer or an independent purchaser, you will need to pay off your loan before we release our Hire Purchase interest (HPI) from your vehicle
- If you are unable to sell the vehicle at a price which covers your remaining loan amount, you will be responsible for any shortfall. Please contact us so that we can discuss if any other options would be better for you

3 Voluntary termination

If your agreement is regulated under the Consumer Credit Act, it may help you to terminate your agreement and return your vehicle to us. By doing this, you will no longer have the regular monthly outgoing of your motor finance loan.

Key things you need to be aware of with this option:

- You will need to have paid at least half of the total amount payable from your loan which you can find in your terms and conditions and we can help agree a payment arrangement to help you do this
- You will need to send us a written notification by email or post that you wish to 'voluntarily terminate' your agreement
- We will carry out an inspection of your vehicle and arrange collection. We'll provide you with a full inspection report and if we identify any costs outside of reasonable wear and tear, you will be liable for these as stated in your terms and conditions. If your agreement is lease purchase you may also be liable for any excess mileage
- We'll sell your vehicle at auction using one of our local auction houses
- Voluntarily terminating your agreement will not have an adverse effect on your credit file. However, we will report any missed payments or unpaid costs to Credit Reference Agencies if we have not agreed a payment arrangement with you

4 Help with your balloon payment

Some of our motor finance loans require you to pay a balloon payment when it reaches the end of its loan term. If you've been struggling to make your loan repayments, we understand that your balloon payment may also be difficult for you to pay. Please get in touch with us, so we can discuss how we're able to help.

Independent help and advice

We'll do everything we can to help but you may also wish to seek to free, independent help or advice from one of the following organisations.



Citizens Advice

((())) 03444 111 444



citizensadvice.org.uk



National Debtline

((())) 0808 808 4000



nationaldebtline.org



StepChange Debt Charity

((())) 0800 138 1111



stepchange.org



PayPlan

((())) 0800 280 2816



payplan.com



Shelter

((())) 0808 800 4444



shelter.org.uk



Mental Health and Money Advice



mentalhealthandmoneyadvice.org