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Many average consumers do not have the funds to pay off a car which they desire to purchase. Hence, they opt for a personal car leasing contract which is offered by numerous financial leasing companies in the market.

This is a growing trend among the average consumers who require a car or some vehicle for personal use but lack the cash to pay for the car immediately. Most average consumers require car leasing schemes or a personal contract hire which allows them to make smaller payments every month until the whole cost of the car is paid off; including the interest quantum imposed through a market interest rate.

Process

The car leasing contract for any average consumer is similar to the normal contract hire that is offered by established financing companies. A personal car leasing contract or hire agreement allows the consumer to take possession but not ownership of the car for a stipulated duration.

That duration is a contractual period where the consumer is allowed the full use of the car including possession of it; meaning, the car can be at the consumer's home or anywhere. The consumer can use it for any purpose although a personal use means private activities and not business related as there is a business vehicle category with different implications and costs.

Lease period

The average consumers which take on car leasing schemes would need to agree to the lease period which could be at least 12 months or 48 months. This leasing period depends on the consumer and leasing company's agreement which allows the consumer to pay a monthly amount that is comfortable for the consumer.

The monthly repayment is usually an amount that is within the budget of the consumer depending on the consumer's income or revenue. If the consumer can pay a higher monthly repayment, the lease period would be shorter; if the consumer is tight with finances, the monthly repayment amount can be lower which would lengthen the lease period. A longer lease period normally incurs a slightly higher interest based on the lease amount.

Contract expiry

There are several options for the consumer when the lease period is up; the consumer can buy off the car from the leasing company to make it their own or return the car for another car leasing option on a new car. This way, the consumer does not need to worry about the car's resale value as the car becomes the leasing company's property.

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