Quelling Some Fears on Car Leasing

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Getting a car lease is not every car owner or driverâ€™s dream activity or pastime. There are many notions which need to be qualified or dispelled as the leased car is one of the greatest assets which a consumer might possess in their lifetime. Hence, it is not surprising to have many concerned consumers take a more interested viewpoint on car leasing and its offerings.

Estimated annual mileage

For every leased car, there must be an estimated annual mileage as that would impact the vehicleâ€™s value when the car lease terminates. The higher the mileage a leased car incurs, the lower would be its sell off value besides the annual depreciation factor coming into play.

Hence, most car leasing schemes would have an estimated annual mileage imposed to cater to the estimated value of the leased car. This would impact the monthly payments of the car lease imposed to the consumer.

Mileage change

However, some consumers may not know how much mileage they might record with any leased car. There are various factors of consideration; different car models would have different power and petrol consumption to incur different mileage; the model engine and mechanics would record different mileages by the car; the consumerâ€™s usage would impose different mileages.

Hence, many leasing firms allow their consumers to change their mileage targets later after their car lease contract is drawn up with a different mileage recorded. The mileage at the start of the car lease may be too high or it could have been too low; the consumerâ€™s activities may have changed. Changing the original estimated mileage is possible depending on the leasing firm and the contract type.

If flexibility is allowed, the car lease contract can be amended to reflect the changed mileage estimate which would also impact the monthly payments.

However, if the consumer finds that the estimated mileage is exceeded for the year, there may be an extra cost incurred when the car lease contract terminates. This clause is usually incorporated inside the car lease contract where a pre-determined rate has been identified. Hence, consumers are advised to consider the estimated annual mileage carefully before the car lease contract is firmed up unless there is flexibility in amending this clause.

Contract duration

Many consumers are concerned over the length of a car leasing contract as that would impose a restriction to their current lifestyle. The consumerâ€™s financial standing and budget would be changed depending on the car lease contract duration.

Car leases can be as short as 1 year or as long as 5 years depending on the consumerâ€™s financial condition.

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