



Draft Feature

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BOOTES PRINTS CLEARER PICTURE FOR NORTHWEST BUSINESSES

Niche Manchester Law Firm, Boote Edgar Esterkin, is urging all businesses across the region that use photocopiers on a lease hire agreement to check their current arrangements. The advice comes following a dramatic increase in the number of complaints received from clients who have leased photocopying equipment and found out later that they have been charged more than they had bargained for.

Simon Barnett, partner at Boote Edgar Esterkin, explains: “Over the past 12 months, we have advised a number of clients in relation to their existing lease hire agreements with photocopier suppliers, and there appears to be a strong pattern emerging. Most have either been charged for items they believed they never hired, or they have discovered that the methods of charging do not correspond with the representations they were given at the time they entered into the agreement. In response, we have considered a range of agreements supplied by the major financing companies, and we believe it is appropriate to send out a warning to businesses across the North West.”

Simon first became aware of difficulties in this industry when he received a call from his brother David, who was encountering problems with his own lease hire arrangements. David explains: “Firstly, we were being charged for equipment which we were told was free as part of our agreement. Secondly, two years into our five-year agreement we were being charged far more than initially represented to us. After reviewing our agreement, Simon managed to uncover the additional charges, he negotiated with both the supplier and the finance company, and ultimately he reduced our liability under the agreement by more than £10,000.”

Many businesses sign up to lease hire agreements without paying much attention to their obligations. A photocopier supplier will send its salesmen to visit businesses to offer new and improved deals. The salesman will discuss the finer details of the equipment, the monthly

finance payments, maintenance contracts, and will then sign up the business before leaving the office. It is only in the following months that the businesses begin to realise the full extent of their liability under the agreement.

Simon explained: “We have already advised a number of clients and sometimes they are shocked when we explain the true contractual position of each of the parties involved. It is clear that businesses are, in some cases, being duped into signing agreements, which turn out to be different from what was anticipated.

Simon added: “There have also been instances where suppliers have broken down the equipment into component parts in order to inflate costs, and other cases where the equipment provided is described as being “full system.” The words “full system” are used so as to claim that each and every conceivable accessory to the equipment has been supplied. To put this into perspective, if you leased a car and there were eight different options for the steering wheel, you would not expect to be charged for all eight when in fact you only need one. Many “full system” agreements include extras which will never be required.”

The law in this area is complex and so Simon advises all businesses to re-visit their existing agreements and take note of the following:

1. Do not take the salesman’s word as final - always check the finance terms yourself. As a general rule, the salesman is not an agent of the finance company so any representations made by the salesman in relation to the financing of the equipment cannot legally bind the finance company. The finance company will therefore not be liable for the actions, misrepresentations or inducements offered by the salesman.
2. Always check the value of the equipment you are proposing to hire - ensure that you are not paying above the market rate.
3. Check carefully that the description and breakdown of the equipment ordered correlates to what you require and what you actually receive.
4. Beware of “rolling up” multiple contracts. Check whether by signing a new agreement, your existing finance will be “rolled up” because if a business repeatedly rolls up these agreements, the extent of the company’s liability can balloon.

5. Beware of “Split Finance” deals - where the salesmen have split the finance between two different finance companies, which leaves them unaware that they are both financing the same equipment. By splitting the finance, salesmen are able to circumvent some of the checks and safeguards that finance companies ought to be carrying out.
6. Maintenance charges are usually calculated on a pay per click basis. Many assume that one click equals one copy but this is not always the case. Some contracts are calculated at up to five clicks per copy meaning that maintenance charges are five times higher than anticipated. Insist that the calculation is worked out on a “per copy” basis rather than a “per click” basis.

If you find yourself in difficulty with the finance arrangements on your photocopier, please seek immediate assistance from a solicitor who has experience in this area. Contact Simon Barnett at Boote Edgar Esterkin on 0161 832 7888 for further information.

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