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SOLICITORS

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WARNING - IS YOUR PHOTOCOPIER COSTING YOU MORE THAN YOU THOUGHT?

We are currently urging all businesses across the region that use photocopiers on a lease hire agreement to check their current arrangements.

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 all our past, present and future clients.

We first became aware of difficulties in this industry when we received a call from a client who was encountering problems with their own lease hire arrangements. Upon review, we noticed that they were being charged for equipment which was supposed to be free as part of their agreement. Secondly, two years into their five-year agreement they were being charged far more than initially represented. After reviewing their agreements, we managed to uncover the additional charges, negotiated with both the supplier and the finance company, and ultimately reduced the client's liability under the agreement by more than £10,000."

Many businesses sign up to lease hire agreements without paying much attention to their obligations. It is only in the following months that clients begin to realise the full extent of their liability under the agreement and they are often shocked when we explain their true contractual position.

We have seen 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 we advise all clients 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 you repeatedly roll up these agreements, your 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 have any questions at all about lease hire of your photocopiers, or if you want to discuss any specific issues with us please contact either Marc Yaffe or Simon Barnett on 0161 832 7888.