



Finance Guide

An overview of the different types of finance you can offer

As a partner with hiber, you can get access to customer finance, at no additional cost to you.

Background

Offering finance to your customers can be a very helpful tool in closing more sales. Our research suggests that c. 40% of boilers in the UK are bought on finance, whether that be a credit card, loan or other form of finance. Offering finance helps you to position yourself well in front of your competitors, and helps your customers purchase their boiler from you.

Finance options for your customers

We partner with Hitachi to offer finance. We currently have three types of finance offering:

An interest bearing loan (9.9% APR with 2, 5 and 10 year terms available)

A 0% finance option (1 year term available) - see below for important details

A Buy Now Pay Later option (pay nothing for 12 months) - see below for more details

For clarity, despite its name, the customer does pay interest in the '0% finance' option by way of an upfront fee (see information on how 0% finance works at the end of this guide). Only offer this option if you understand how this works - we're happy to talk this through.

Which customers are eligible?

Customers undergo a credit check over the phone in order to establish whether they are eligible for finance or not. The decision over the phone with Hitachi takes c. 30 seconds. The customer must be;

A homeowner

Be 18 or over, and employed / self-employed / retiree, or have a partner in full-time employment

Have a permanent residency in the UK for a minimum of 12 months. We also require 3 years of address history

We are also able to offer finance to landlords, as long as the landlord is not considered an 'institutional' landlord. This means we cannot offer finance to a landlord who lets more than three properties.

Requirements

In order to be able to offer finance through us, you need to become an Appointed

Representative ('AR'). An AR is an individual or company who piggy backs on someone else's regulatory permissions (ours in your case) in order to be able to offer customers finance (since finance is a regulated activity in the UK).



Please read the following guide for more information about how to offer finance.

Additional Information on 0% Finance

Background

We are able to offer you a 0% finance option to offer to your customers. As you may be aware, British Gas have been offering 0% interest on their boilers over the past two years, which has been successful in driving sales for them. We similarly believe it could be a very helpful tool for you to enable homeowners to purchase their boilers from you.

How does it work?

0% finance, despite the name, is not actually 0% interest. Someone pays the interest on the loan, either the customer or the person offering the finance. In your case, the homeowner will pay the interest. How they pay this will be via a fee at the time of sale - this is similar to how auto finance works. The cost for 0% finance which we have with Hitachi is currently 4.43% for 12 months interest free. Example of how it works below.

0% finance example

Finance option: 0% Finance

Term: 12 months

Subsidy rate for finance: 4.43%

Cost of finance: £88.6 ($£2,000 \times 4.43\%$)

Quote price issued to customer: £2,000

Your earnings: £600 (your labour + share of markup)

Deposit invoice issued to customer if the customer goes ahead with 0% finance: £88.6 (we will issue this invoice to the customer on your behalf once they accept the quote)

Your earnings post finance: £600 (your earnings do not change when offering 0% finance)

'0% finance' rates (paid by the customer through a deposit when they accept the quote)

12 month cost: 4.43%

In both examples above, the customer would pay a deposit when they accept the quote equal to the total cost of your quote \times 4.43% (for 12 months).



Additional Information on Buy Now, Pay Later

We are able to offer you a Buy Now, Pay Later option, to complement our 9.9% and 0% offering.

How does it work?

If your customer is accepted for Buy Now Pay Later finance they agree to a loan (12.5% APR over 5 years) which will commence 12 months from the date of supply. This means that for the first 12 months they do not have to pay anything.

If the customer wants to settle their balance in the first 12 months, before the first repayment is due Hitachi, our lender, will waive all interest charges. They will just charge an administration fee of £29, so the customer would pay the cost of their installation plus this admin fee.

Buy Now, Pay Later finance example

Finance option: Buy Now, Pay Later Finance

Term: 5 years after 12 months

APR rate for finance: 12.9%

Cost of finance: This differs depending on when your customer pays their loan back;

If paid within 12 months £2,029 (£2000 + £29 admin fee)

If not paid with 12 months £2,996.40

Quote price issued to customer: £2,000

Your earnings: £600 (your labour + share of markup)

Your earnings post finance: £600 (your earnings do not change when offering buy now pay later finance)

Again, we realise this could be confusing, so if anything here is unclear, or you have questions about how it works, or just want to talk it through, please contact us on 0203 943 5183!