

How to finance a car

Audio transcript

The best way to finance a car will depend on your circumstances.

Here are some of your options:

- A personal loan, which lets you buy a car and then make repayments over an agreed number of months or years. You'll own the car from the start.
- A hire purchase, this is when you pay an initial deposit and then pay off the balance plus interest by making regular repayments over the course of a loan. You won't own the car until you've finished repaying the loan.
- You could also use personal contract finance, where you pay a deposit followed by monthly payments for a fixed period. After this, you can either give the car back, buy it outright with a lump sum, or start another personal contract on a different car.
- Or personal leasing, which is like renting a car as you don't get to keep it at the end of the contract.