

# BUYING ON HP

Many people cannot afford to pay cash for big items, like furniture. SPEAK looks at the customer's rights when buying on Hire Purchase



People buying things on Hire Purchase (HP) often have problems as they don't understand the agreements they have signed. Some salespeople don't explain the customer's rights. Here are some things to remember when you buy something on HP:

- You have to pay a **deposit** and then a **set amount** back each month. You do not own the goods until you have finished paying off the full amount you owe. The seller is only letting you use the goods and the shop can take back (repossess) the goods if you stop paying.

- You have to sign an **agreement** saying how much you must pay back each month. Read the agreement before signing anything. Take the agreement home and ask someone else to explain it if you don't understand everything.

- If the seller does repossess

the goods, you have **21 days** to payback the amount you owe. You can then take the goods back.

- The repayments should include **insurance**. Many salespeople don't explain this. Ask what the insurance covers before signing the agreement.

The National Black Consumers Union says all insurances cover the death of the buyer. If the buyer dies, the insurance company will pay back the amount still owed to the shop. Relatives cannot be told to carry on the repayments. The seller cannot repossess the goods.

Insurance also often covers some breakages. If this is the case, the shop should not charge you for repairs. They can claim the amount from insurance.

If you are sick and are not earning money, the shop might be able to claim insurance for the monthly payments, if you give them a medical certificate.

- Many people don't realise they can sell the goods back to the store if, for example, they are retrenched and cannot afford to make the monthly payments.

Remember the cash price is not the same as the Hire Purchase price. If you buy HP, you have to pay interest every month and you will end up paying much more than if you had paid cash. It is a good idea, if you can afford it, to pay back a little more each month. This makes the interest you pay less and means you end up paying less.

**Thanks to the National Black Consumers' Union (NBCU) for this information. For more advice about HP contact: NBCU, 211 Connaught Mansions, 215 Bree Street, Johannesburg. Phone: (011) 337-6210 o**