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JARGON BUSTER

**NO-NONSENSE FINANCE TERMS EXPLAINED (SO YOU
ACTUALLY KNOW WHAT YOU'RE SIGNING)**



J A R G O N

Not sure what a “flat rate” is? Confused about who the lender actually is?

This glossary cuts through the finance waffle with plain-English definitions, real-world examples, and zero jargon.

If you're applying for finance, whether it's for scaffolding materials, a truck, or a VAT loan, you'll probably hear some of these terms. This guide will help you get your head around them so you can make confident decisions and avoid any nasty surprises later.

Use it. Bookmark it. Download it. Most importantly, ask us if anything's still unclear.



Agreements

Hire Purchase (HP)

A finance agreement where you pay monthly for an asset (like a truck or scaffold gear), and own it outright at the end.

Example: A £30k truck on HP over 5 years. You pay monthly, and it's yours after the final payment.

Lease Agreement

You pay to use the asset but don't automatically own it at the end. Some let you buy it later for a fee, others don't.

Example: Leasing £25k of scaffolding over 3 years. Often cheaper payments, but you'd need to negotiate if you want to keep it after.

Finance Agreement

The official contract between you and the lender. It lays out the terms of the deal — how much you're borrowing, over how long, and what you'll pay each month.

This is the legal bit you sign before the lender pays the supplier.

Agreements Continued

Balloon Payment

A larger final payment due at the end of some leases or HP deals, used to keep your monthly payments lower.

Example: A van with an £8k balloon payment means you pay less each month, but owe £8k at the end if you want to own the van outright.



Costs

Flat Rate

A fixed interest percentage applied to the original amount borrowed (not what you still owe).

Example: £25k at 4.5% flat over 5 years = £1,125 interest per year, every year.

APR (Annual Percentage Rate)

A figure that includes all interest and fees, shown as a yearly percentage of the amount borrowed.

Example: Flat rate might be 4.5%, but APR might be 9.1% once fees are included.

Deposit

The upfront amount you pay towards the asset. A bigger deposit typically means lower monthly payments.

Example: On £40k scaffold gear, a 10% deposit = £4,000 upfront.

Costs Continued

Monthly Payment

What you'll pay each month to the lender. Usually includes interest. May vary by deal type, term, deposit, and rate.

Example: A £25k van over 60 months might be ~£460/month.

Documentation Fee

A one-off charge for processing your finance agreement. Payable to the lender.

Example: £295 documentation fee might be added to the first payment or built into the total amount.

Option to Purchase Fee

A final payment at the end of a Hire Purchase agreement. It transfers ownership of the asset to you.

Example: £100 option to purchase fee is usually taken with your last monthly payment.

People

Broker

A company (like Scaffold Finance) that finds the best lender and finance deal for your needs. They're your go-between with the lender.

Example: *We don't lend the money ourselves. We arrange it, explain it, and make sure you're looked after.*

Lender

The company that provides the money for the finance. You repay them, not the broker.

Example: *Scaffold Finance sets up the deal, but the loan comes from XYZ Finance Ltd.*

Guarantor

A person (often a director) who agrees to step in and repay the loan if the business can't.

Example: *Some lenders ask for this as extra security – especially for newer firms.*

People Continued

Third-Party Guarantee

A legal promise from someone outside your business (usually a director or family member) to repay the finance if you can't.

Example: A lender may ask for a third party guarantee if the Directors are non-homeowners.



Risks

Personal Guarantee (PG)

A legal promise that if your business can't repay the finance, you personally will.

Example: *If your scaffold firm folds, you're personally liable for the balance.*

Default

When you miss payments or break the terms of the agreement.

Example: *This can damage your credit score and lead to repossession of the asset.*

Repossession

If you fall behind on payments, the lender may take back the asset (like your truck or scaffold gear).

Example: *Usually only after repeated missed payments and warnings.*

Common Documents

Quote

A breakdown of your potential finance deal. It includes monthly payments, term, deposit, and rates.

Not binding. It's a starting point to help you decide.

Proposal

The formal application sent to the lender written by Scaffold Finance. It includes your business info, what you're buying, and what terms you're after.

We submit this for you just send us the key info.

Credit Report

Shows your financial history. Lenders use this to assess risk.

They'll look at your business credit, and sometimes your personal one too if you grant permission.

Common Documents Continued

Underwriting

The lender's process of checking your creditworthiness and approving (or declining) the deal.

It will involve reviewing your latest set of accounts, bank statements, credit reports, and other supporting information you send to us.





Final Thought

Still unsure about a term? Just ask.

This glossary is here to help you feel confident, not confused. Whether it's your first time using finance or you've done a few deals before, knowing what things really mean can make a big difference.

And remember; this isn't financial advice. Just scaffold-friendly explanations to help you make sense of things. Always speak to a professional if you're unsure.

[Apply Now](#) – Tell us what you need and we'll send a quick quote.

[Book a Call](#) – Speak to a finance specialist.

[Download the Finance-Ready Checklist](#) – Know what to prepare.

Finance built for scaffolders

From scaffolding materials to VAT loans, Scaffold Finance helps you get the finance you need. Fast quotes, clear terms, and flexible options that fit your business.

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