

# Drivers leasing new electric cars 'overcharged' by hundreds of pounds each month

Drivers leasing new electric cars are being overcharged by hundreds of pounds each month, according to a report.

Clean transport campaign group Transport & Environment (T&E) accused leasing companies of failing to reflect the strong resale value of cleaner cars when setting their prices.

Charges are typically based on a vehicle's expected depreciation over the period of the contract, which is often three or four years.

The T&E report said leasing offers for new battery electric vehicles (BEVs) in the UK are 51% more expensive on average than equivalent petrol models.

Leasing firms are too conservative when setting their monthly prices

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It gave the example of leasing an electric VW ID.3, which costs about £605 a month, while a petrol Golf is offered at £376.

This is despite analysis of 2.7 million used car prices revealing BEVs do not depreciate faster than traditionally-fuelled cars.

The report found that leasing companies still consider electric cars to be “new and uncertain products”, which is an “outdated” approach.

T&E electric fleets lead Ralph Palmer said: “Customers are being overcharged by leasing companies if they want to switch to an electric car.

“Leasing firms are too conservative when setting their monthly prices.

“Their rates reflect the state of play from five years ago.

“With this pricing strategy, their profits are obviously high and consumers are overpaying to go electric.

“If leasing companies’ prices reflected the realities of the market, more consumers would have access to affordable new EVs (electric vehicles).”

The accusations levelled by T&E show little understanding of how this market operates

Leasing businesses – such as Lex Autolease, Arval, ALD and Leaseplan – account for a fifth of new car purchases.

Toby Poston, director of corporate affairs at the British Vehicle Rental and Leasing Association, said: “Vehicle leasing companies have led the charge in bringing BEVs to market.

“The accusations levelled by T&E show little understanding of how this market operates.

“Like a toddler taking its first steps, the BEV market still needs support in the form of tax incentives, grants and marketing campaigns that give fleets and drivers the encouragement they need to make the leap.

“This support disappears when it comes to selling the same vehicle on the second-hand market.

“The lease companies that have invested billions in untried, untested BEV technology are navigating this ocean without a map, compass or weather gauge.”

He added: “The leasing sector is already doing its bit and cannot be expected to take unsustainable risks in a bid to underwrite cheaper electric cars.”

[Sales](#) of new petrol and diesel cars will be banned in the UK from 2030.

A report by the Energy and Climate Intelligence Unit published on Monday said the Government’s approach to electric cars means motorists risk missing out on a total of £9 billion of savings by 2043 by continuing to run petrol cars.