Should You Run Your Vehicle for Longer or Replace it?

A practical guide for fleet operators on extending, retaining or replacing vehicles

If your vehicle agreement is coming to an end, one of the biggest decisions you will face is whether to replace the vehicle, extend the agreement or continue operating the vehicle for longer.

There is no single answer that works for every fleet.

In some cases, extending a vehicle agreement or continuing to run an existing vehicle can reduce costs and maximise value. In others, increasing maintenance costs, downtime and reduced efficiency can make replacement the more cost-effective option.

The right decision depends on your future fleet requirements, the condition and reliability of the vehicle, its total cost of ownership and the end-of-contract options available. Factors such as maintenance costs, downtime, fuel consumption, compliance requirements and replacement costs should all be considered.

This guide explores the options available at the end of a vehicle agreement and the key factors fleet operators should assess when deciding whether to extend, retain or replace a vehicle.

What are your options?

Depending on your funder and vehicle agreement type, you may have several options available at the end of your contract.

Contract Hire

- Return and replace the vehicle
- Extend the agreement
- Move to a short-term rental solution while awaiting replacement

Finance Lease

- Introduce a buyer
- Sell the vehicle and potentially benefit from surplus value
- Refinance or continue under a secondary rental arrangement

Check what's available early

Many businesses only start considering their options when the agreement is close to ending.

Speaking to Jurni or your funder several months before the agreement ends will give you time to explore all available options, compare costs and avoid making a decision under unnecessary time pressure.

Early planning can also help you manage replacement vehicle lead times, budget accurately and avoid disruption to your drivers and operation.

Potential advantages of extending

Extending a vehicle agreement can be an effective way of maintaining operational continuity while providing additional flexibility.

For many fleets, an extension can provide valuable breathing space while longer-term vehicle strategies are finalised.

Potential benefits include:

- Avoiding the cost and disruption of replacing a vehicle
- Maintaining operational continuity
- Bridging the gap while awaiting replacement vehicles
- Preserving cash flow and delaying replacement expenditure
- Potentially securing a similar or lower monthly rental
- Avoiding the time and resource involved in sourcing a replacement vehicle
- Providing flexibility while fleet requirements or market conditions evolve

Potential drawbacks of extending

Extending a vehicle agreement is not always the most cost-effective solution.

As vehicles age, operating costs and risk profiles often change.

While an extension may reduce short-term costs, it is important to consider the wider financial and operational impact of running an older vehicle.

Potential drawbacks include:

- Higher maintenance and repair costs
- Increased risk of breakdowns
- Greater vehicle downtime
- Reduced fuel efficiency
- Older EV range, charging speed and battery performance
- Older safety technology and driver assistance systems
- Potential emissions and compliance challenges
- Reduced driver satisfaction
- Increased exposure to unexpected repair bills

Running an older vehicle

Don't just compare monthly rentals.

An extended vehicle agreement may appear cheaper than replacing a vehicle, but the monthly rental is only one part of the equation.

The real question is whether the savings achieved by extending are outweighed by increasing maintenance costs, downtime, fuel consumption and lost productivity.

When assessing whether to extend or replace a vehicle, fleet operators should consider the vehicle's total cost of ownership, not just its monthly payment.

The hidden cost of downtime

The cost of a vehicle being off the road is often far greater than the repair itself.

Downtime can result in:

- Missed appointments
- Lost revenue
- Replacement hire costs
- Driver inefficiency
- Reduced customer service levels

When assessing whether to extend or replace a vehicle, downtime should be considered alongside rental, maintenance and fuel costs.

Fleet managers should assess:

- Current maintenance costs and whether they are rising
- The risk of major future repairs or component failures
- Breakdown frequency and vehicle reliability
- Time spent off the road
- Fuel efficiency and running costs
- Driver satisfaction and operational suitability
- The true cost of downtime to the business

Consider current market conditions

The right decision is not always determined by the vehicle itself.

External market conditions can influence whether extending or replacing represents better value.

For some businesses, strong used vehicle values can make replacement more attractive, while weaker used vehicle values may increase the appeal of extending or continuing to operate an existing vehicle.

Things to consider:

- Current replacement vehicle pricing
- Manufacturer support and discounts
- Interest rates and funding costs
- Vehicle availability and lead times
- Current used vehicle values
- Emerging vehicle technologies

In some situations, extending a vehicle for another 12 months can provide valuable flexibility while market conditions improve.

Five questions every fleet manager should ask

1. Is the vehicle still reliable?

If the vehicle remains dependable and spends minimal time off the road, it may still offer excellent value.

Recurring faults, increasing workshop visits or growing downtime may indicate that replacement should be considered.

2. Are maintenance costs increasing?

Maintenance costs often rise as vehicles age. The key question is whether those costs remain lower than the cost of replacement.

For vehicles without a maintenance package, fleet operators should also consider the risk of major unexpected repair bills.

Failures involving engines, gearboxes, hybrid batteries or emissions systems can quickly change the economics of keeping a vehicle for longer.

3. Does the vehicle still meet operational requirements?

Business needs evolve over time.

Changes in payload requirements, mileage, routes, technology needs and driver expectations can all influence replacement decisions.

4. What does downtime cost your business?

For many fleets, downtime is often more expensive than maintenance.

Missed appointments, hire vehicles, lost productivity and customer disruption can quickly outweigh any savings from delaying replacement.

5. Would a newer vehicle deliver meaningful savings?

Modern vehicles often offer improved fuel economy, lower emissions, enhanced safety, reduced maintenance costs, greater comfort and improved reliability.

The key question is whether those benefits justify the investment required today.

Compliance and duty of care

Fleet operators have responsibilities that extend beyond cost control.

As vehicles age, they may remain mechanically reliable while becoming less suitable from a compliance, efficiency or driver welfare perspective.

Fleet managers should consider:

- Driver safety
- Duty of care obligations
- Vehicle compliance requirements
- Environmental regulations
- Clean Air Zone or Low Emission Zone charges
- Suitability for operational requirements

When extending may make sense

- Reliability remains strong
- Maintenance costs are predictable
- The vehicle remains fit for purpose
- Replacement vehicles are delayed or unavailable
- A maintenance package helps provide predictable running costs
- You require short-term flexibility
- Cash flow preservation is a business priority
- Market conditions favour waiting

When replacement may be the better option

- Downtime is increasing
- Maintenance costs are rising significantly
- Major repairs are becoming more likely
- Reliability is affecting operations
- Fuel costs are becoming excessive
- Compliance concerns are emerging
- Driver safety is becoming a concern
- The vehicle no longer meets business requirements
- A newer vehicle would improve efficiency, safety or productivity

Why van decisions are different

A van generating revenue for the business often reaches its replacement point earlier than a company car because the operational impact of failure is significantly greater.

Fleet operators managing vans should place greater emphasis on:

- Vehicle uptime
- Payload requirements
- Driver productivity
- Service delivery
- Cost of downtime

Questions to ask your funder

Is an extension available?

What will the revised rental be?

How long can the vehicle be extended for?

Are there mileage restrictions?

What happens if a replacement vehicle arrives early?

Are there any extension fees?

The bottom line

There is no universal replacement cycle. The right decision depends on the vehicle's whole-life cost, reliability, compliance profile and operational value to the business.

The most effective fleet operators review each vehicle on its own merits, balancing maintenance costs, downtime risk, replacement costs and future fleet requirements to determine the best long-term outcome.

A well-maintained vehicle can continue delivering value long after its original agreement ends. Equally, every vehicle reaches a point where replacement becomes the smarter operational and financial decision.

At Jurni, we help businesses evaluate all available options, providing clear, impartial guidance on whether extending, retaining or replacing a vehicle represents the best long-term value for their operation.

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