



Bloomberg Business

Copier deals 'horrifying'

By Michael Preet

DECEPTIVE and high-pressure sales tactics by photocopier dealers are creating a rising wave of complaints from customers and demands to renegotiate deals that lock companies into unnecessarily long and expensive contracts.

Nigel Griffiths, consumer affairs minister, said he had received several approaches from companies with "horrifying" stories to tell after he appealed in the *Independent on Sunday* two weeks ago for information from victims of aggressive photocopier selling. Mr Griffiths said: "The unfair contract terms legislation has failed."

His comments came after it emerged that a private British company has entered negotiations with its supplier, Xerox, to cut photocopying costs from about 4p a copy to nearer 1p. The

Xerox concessionaire is demanding £5,000 to release the company from the lease portion of its deal.

Adam Hackett, managing director of Chartwell Business Group, a leading photocopier supplier and servicer, believes that instances of overcharging by one means or another appear to be increasing again, after the photocopier industry introduced reforms in the wake of a 1994 Office of Fair Trading report into malpractices. "Old practices are creeping back, and some have never left," he said.

A powerful reason for customers being overcharged is that the amount a salesman can earn is related to the value of a contract. According to well-placed industry sources, a reasonably experienced salesman,

for example, can easily make more than £50,000 a year, of which about £20,000 is a basic salary. A top salesman can earn over £100,000 a year, mostly from commission and bonuses.

Many customers are also overcharged because of the complexity of agreements to lease photocopiers, despite attempts by the OFT and the industry to make contracts easier to understand.

Photocopier contracts normally have two main elements: the cost of leasing the machine and the cost of service.

The cost of leasing can be hard to determine because a customer may not know the true value of the machine, the price at which the machine is sold to a leasing company, and whether the unexpired portion of a previous lease has been added as a top-up.

Refers to Copywatch client. ←