

Equipment Lease Service (iPhone 4)

The following additional terms and conditions apply to the provision by O2 of the Equipment Lease Service.

1 Definitions

In these Equipment Lease Terms, in addition to those terms defined in the General Conditions, the following terms and expressions apply:

“**Equipment Lease Service**” means the service whereby O2 hires Leased Equipment to the Customer for use with the Voice Services and other Mobile Services supplied by O2 pursuant to this Agreement and the Hire Agreement;

“**Equipment Lease Terms**” means this document entitled “Equipment Lease Terms”;

“**Hire Agreement**” means the Consumer Credit Act regulated contract that the Customer must sign or accept online before being able to use the Equipment Lease Service;

“**Leased Equipment**” means the mobile phone, laptop computer, netbook or tablet leased to the Customer under the Hire Agreement, and includes any accessories that the Customer receives as part of the Hire Agreement, such as chargers, cases or headsets;

“**Satisfactory Condition**” means that Leased Equipment is suitable for normal use, is in substantially the same condition that the Customer received it in from O2 and has not been modified, damaged or broken.

2 Mobile Service

The Equipment Lease Service must be taken in conjunction with the Voice Services and the Mobile Terms will apply to the Voice Services.

Clauses 3-8 intentionally left blank.

9 Leased Equipment

9.1 The Customer is hiring the Leased Equipment from O2 and must return it to O2 on termination of the Equipment Lease Service and/or this Agreement by either party in the manner specified in clause 9.5 below. The Leased Equipment must be returned to O2 in a Satisfactory Condition such that it is received within 5 days of the termination of the Equipment Lease Service and/or this Agreement. The Customer must take adequate steps to look after the Leased Equipment and maintain it in a Satisfactory Condition.

9.2 If the Leased Equipment is defective, not in accordance with any description given to the Customer by O2, not reasonably fit for purpose or it develops a fault during the Minimum Period, the Customer may return it to O2 for repair and/or, at O2's option, replacement. The Customer should contact its O2 account manager or customer service for details of how to return the Leased Equipment. Alternatively, the Customer can contact the manufacturer for replacement or repair during the warranty period under the manufacturer's warranty service detailed in the User Guide(s).

9.3 If the Customer is in breach of its obligations in these Equipment Lease Terms O2 may charge the Customer for any reasonable costs or losses it incurs, including the following:

(a) Up to £335 exclusive of VAT if the Customer fails to return the Leased Equipment or fails to return it in Satisfactory Condition. The amount will depend on the actual condition of the Leased Equipment as explained in the table below (all pricing shown is exclusive of VAT);

Condition Category	Description of Condition	Charge for iPhone 4S 16GB	Charge for iPhone 4S 32GB	Charge for iPhone 4S 64GB
A	Fully functional, in excellent cosmetic condition, i.e. No scratches or chips, no cracked casing/screen, broken/missing buttons, damaged ports. Battery is working. It is not water damaged. Has no connectivity/software issues or speaker problems	No charge	No charge	No charge
B	Fully functional, in fair cosmetic condition. Fair cosmetic condition includes, cracked casing, heavily scratched glass cover, cracked/damaged screen cover and broken buttons. No sound or distorted sound. Water Damage Sensor indicates water damage, but unit is still fully functional. Volume and mute buttons or knobs that do not function properly. Casing/Screen cover is visibly cracked or fractured - Unit fully functions	£65	£75	£85
C	Unit has some operational and cosmetic faults - Is functioning. Won't connect to wifi or phone network. Headphone jack and sim card port do not function when plugged in. Casing is visibly separated at seam, housing not complete.	£130	£150	£170
D	Is not functional, or has excessive cosmetic damage. Backlight is dim, but 100% fully functional. Touch screen/LCD damaged. Indicated by pink sensor in headphone jack and in charger sensor. Won't power on or intermittently fails. Freezes, not recognised by iTunes. Won't start up or any software component failing. ON/OFF, Home button do not function. Non-functioning power port. Unit cannot be charged. Distorted or not-functioning in anyway. Any crack or fracture on the glass touchscreen,	£190	£220	£250
E	Crushed, Blocked, Broken in half, Stolen, Fake, Beyond physical repair	£250	£290	£335
Non Return	Non return of the Leased Equipment within the agreed timescales	£250	£290	£335

(b) Up to £335 exclusive of VAT if the Customers fail to return the Leased Equipment within the relevant time in accordance with these Equipment Lease Terms;

(c) Interest on late payments as set out in paragraph 6.6 of the General Conditions; and

(d) A charge for O2's reasonable administration costs which result from the Customer's late or non-payment of Charges relating to the Leased Equipment.

9.4 In the event that the Customer needs to return the Leased Equipment, O2 will provide a postage-paid envelope for this purpose. However, O2 will not accept any liability for items lost or damaged in transit. O2 strongly recommends that the Customer uses recorded postage (Royal Mail Special Delivery or similar) which will provide insurance and the ability to track the item. The Customer must use the envelope provided for return of any Leased Equipment. In certain circumstances, for example in the event that the Customer is upgrading, the Customer may be able to return the Leased Equipment to an O2 retail shop.

9.5 The Service Commencement Date for the Equipment Lease Service will be the date on which O2 commences or moves the Customer onto the new Voice Services tariff as part of this Agreement.

9.6 The Minimum Period for the Equipment Lease Service is set out under “Period of Hire” in the Hire Agreement. That section explains how the Minimum Period can be extended. It also explains how the Customer can end the Equipment Lease Service at or after the end of the Minimum Period. The Equipment Lease Service can also be ended before or after the Minimum Period by either party in accordance with paragraph 14 of the General Conditions.

9.7 The Customer must take adequate steps to avoid loss, theft or unauthorised use of the Leased Equipment. If the Leased Equipment is lost, stolen, or damaged in a way that means it will not be able to be returned in Satisfactory Condition the Customer must notify O2 as soon as possible by calling 2302 from an O2 mobile device or 0844 875 2302 from a landline. The Customer shall be responsible for maintaining adequate insurance in respect of any loss, unauthorised use, or damage in any way of the Leased Equipment.

9.8 In the event that the Customer is in breach of these Equipment Lease Terms, O2 reserves the right to immediately suspend or terminate the Voice Services on notice in writing to the Customer and if the Customer is in breach of this Agreement O2 reserves the right to terminate the Hire Agreement.

9.9 The Customer will not be able to change to a lower or higher value Voice Services tariff during the period in which the Customer takes the Equipment Lease Services.

10 Equipment Lease Service cooling off period

10.1 The Customer may return the Leased Equipment to O2 and cancel the Equipment Lease Service up to 14 days after the Service Commencement Date. This is in addition to any statutory rights. The Customer must return it to either an O2 retail shop or through the methods described in O2's repair and returns policy. The Customer should check with its O2 account manager or call customer service for details of O2's repair and returns policy.

10.2 O2 will bear the reasonable postage costs of returning the Leased Equipment with original parts and the original packaging, as long as the Customer has followed the prescribed returns method, otherwise the Customer must bear the cost of returning the Leased Equipment to O2. O2 may charge the Customer the reasonable costs that O2 incurs in collecting any Leased Equipment which is not returned as required in this Agreement, which may be substantial. The Customer must make the Leased Equipment available for collection on O2's request.

10.2 If the Customer cancels the Hire Agreement, it may still be liable to O2 for the Charges for the Voice Services and Equipment Lease Services under this Agreement for the duration of the Minimum Period.