COMPANY VEHICLE AGREEMENT

This agreement is dated [Effective date].

Parties

(1) [Your company name], a company registered in England and Wales with company number [Your company number], whose registered office is at [Your company address] (the "Company"); and

(2) [Employee name] of [Employee address] (the "Employee").

Background

(A) The Employee is employed by the Company as [Job title].

(B) The Company provides the Employee with a vehicle for their work. This agreement sets out the terms on which the Employee may use it. It forms part of the Employee's terms of employment while they have the vehicle.

Agreed terms

1. The vehicle

1.1 The Company will provide the Employee with the following vehicle, or a replacement of a similar kind that the Company chooses (the "Vehicle"): [Vehicle (make and model)], registration number [Vehicle registration].

1.2 The Vehicle belongs to, or is leased by, the Company. The Employee has no right to it other than under this agreement.

1.3 The Company will tax, insure, service and maintain the Vehicle, and pay for its repairs, except as this agreement says.

2. Who may drive it, and when

2.1 Private use of the Vehicle is: [Private use].

2.2 Apart from the Employee, the only people allowed to drive the Vehicle are: [Other people allowed to drive it]. Anyone else may drive it only with the Company's written permission and if the insurance covers them. The Employee is responsible for making sure anyone they allow to drive meets the requirements of this agreement.

2.3 The Vehicle must not be used for hire or reward, racing, rallies or speed tests, towing (unless the Company agrees), or for any purpose the insurance does not cover.

2.4 The Employee may not take the Vehicle outside the United Kingdom without the Company's written permission.

3. Driving licence

3.1 The Employee confirms that they hold a full, valid driving licence for the Vehicle, with the details given below, and is not aware of any reason they may lose it.

3.2 The Employee will show their licence, and give the Company a check code from the DVLA's online service, before they first drive the Vehicle and whenever the Company asks, which will usually be every [Licence checked every (months)] months.

3.3 The Employee will tell the Company at once, and before they next drive the Vehicle, if they are charged with or convicted of a driving offence, receive penalty points, are disqualified, or develop a medical condition they must tell the DVLA about.

[Note: Licence checks use personal data: tell employees why you check and how often, keep only what you need, and record the check date. The Company should also check that the insurance covers business and any private use, and covers each named driver.]

4. Using the Vehicle safely

4.1 The Employee will drive safely and lawfully at all times, follow the Highway Code, and keep to the Company's driving at work policy.

4.2 The Employee must not use a hand-held phone or other hand-held device while driving, and must not drive while unfit to do so, including through tiredness, alcohol, drugs or medication.

4.3 The Employee will keep the Vehicle clean, secure and locked when not in use, carry out the usual checks (fuel or charge, oil, tyres, lights and screen wash), and have it serviced when due, as the Company arranges.

4.4 No one may smoke or vape in the Vehicle.

4.5 The Employee will report any fault or damage to the Company promptly and will not drive the Vehicle if it is unsafe.

5. Fuel, charging and mileage

5.1 Fuel and charging are paid for as follows: [Fuel and charging].

5.2 The Employee will keep a record of business and private mileage, in the form the Company asks for, and give it to the Company each month.

5.3 Where the Company pays for fuel used privately, the Employee understands that this is a separate taxable benefit, unless they repay the full cost of all private fuel in the tax year by the date HMRC allows.

6. Tax

6.1 If the Vehicle is available for private use, the Employee will be taxed on the benefit of the Vehicle, and of any private fuel, under the rules HMRC sets. The Company will report it through payroll or on a form P11D, and will tell the Employee the value it reports.

6.2 The Employee is responsible for any income tax due on those benefits.

7. Fines, charges and tolls

7.1 The Employee is responsible for every fixed penalty, parking charge, congestion or clean air zone charge, toll, and any fine, that arises while the Vehicle is in their care, unless it was incurred on Company business and the Company agreed to pay it in advance.

7.2 When the Company, as keeper, is asked who was driving, it will give the Employee's name, or the name of the person the Employee allowed to drive.

7.3 The Employee agrees that the Company may deduct from their pay any such amount the Company pays on their behalf, after telling them first. A deduction will not take the Employee's pay below the National Minimum Wage.

8. Accidents, loss and damage

8.1 If the Vehicle is involved in an accident, the Employee will stop, exchange details as the law requires, report it to the police where the law requires, and tell the Company as soon as possible, completing the Company's accident report.

8.2 The Employee will not admit liability or agree any settlement with anyone else.

8.3 If the Vehicle is damaged, lost or stolen through the Employee's carelessness, or while being used in breach of this agreement, the Employee may be asked to pay the insurance excess, up to [Most the employee pays towards damage], or the cost of repair if lower, which the Company may deduct from pay as clause 7.3 allows.

8.4 Misuse of the Vehicle, or a serious breach of this agreement, may lead to disciplinary action.

9. Returning the Vehicle

9.1 The Employee will return the Vehicle, with its keys, documents, fuel card and accessories, in good condition (fair wear and tear excepted):

(a) on or before their last day of employment;

(b) if they are disqualified from driving, or no longer hold a valid licence;

(c) if their role no longer needs a vehicle; and

(d) at any other time the Company reasonably asks, including during a long absence or suspension.

9.2 If the Employee does not return the Vehicle when asked, the Company may collect it, and may recover the reasonable cost of doing so.

[Note: If the car is a contractual benefit, taking it back during sickness, family leave or garden leave may be a breach of contract or discriminatory, and an employee on maternity leave keeps their non-pay benefits, including a car available for private use. Take advice before withdrawing a vehicle in those cases.]

10. General

10.1 The Company may change the rules in this agreement on reasonable notice, for example when it replaces the Vehicle or changes its driving at work policy.

10.2 This agreement is governed by the law of England and Wales.

Employee's details and confirmation

Driving licence number	[Driving licence number]
Penalty points on my licence	[Penalty points on the licence]

I confirm that I hold a full, valid driving licence and the details above are correct: ☐

I consent to the Company checking my licence with the DVLA as clause 3.2 describes: ☐

I have read and agree to the terms of this agreement, including the deductions in clauses 7.3 and 8.3: ☐

Signed by the Employee

Signature _____

Name _____

Date _____

Signed for and on behalf of [Your company name]

Signature _____

Name _____

Position _____

Date _____

About this template

A starting point to adapt, not legal advice. The law differs between England and Wales, Scotland and Northern Ireland, and it changes: check this fits your situation, and take legal advice for anything significant. Replace each [placeholder] in violet, follow or delete each [Note], then delete this box. Last reviewed October 2026. Send it for signature with Sign2Approve: sign2approve.com/templates/company-vehicle-agreement