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Consumer Groups Applaud the Consumer Financial Protection Bureau's Efforts to Provide More Oversight of Abusive Auto Lending

(WASHINGTON) The Consumers for Auto Reliability (CARS), National Association of Consumer Advocates (NACA), and the National Consumer Law Center (NCLC) on behalf of its low-income clients applaud that the CFPB has issued this [proposed rule](#) that will provide better oversight of the nonbank auto lending market. CFPB estimated the rule would apply to about 38 of 500 or more companies, which originate about 90 percent of nonbank loans and leases and provided financing to 6.8 million consumers in 2013. The consumer advocates hope this new rule will ensure better enforcement and regulation of auto lending abuses as well as a more level playing field for all of the larger participants in the auto lending market.

The CFPB will discuss the proposed rule at a field hearing to be held in Indianapolis, Indiana today at 11am EDT. Indiana NACA member and attorney for Indiana Legal Services, Andrew Ault, will testify at the CFPB hearing, which [will be livestreamed](#).

“Ensuring CFPB supervision over a large number of lenders is incredibly important because many abuses in auto finance, such as interest rate markups, loan packing, and others are often hidden from the consumer but evident at the lender level,” said National Consumer Law Center attorney John Van Alst. “Broad supervision can help discover and address these problems.”

For years, NACA, NCLC, and CARS and other consumer advocacy groups have reported growing concern over abusive and deceptive car-lending practices, including consumers being steered into loans they can't afford and sold pricey add-on products that are unnecessary and overpriced in order to increase the price of the car or the amount financed. “The CFPB is one of car buyers’ best friends, saving them hard-earned dollars by cracking down on shady auto lending practices,” said Rosemary Shahan, president of Consumers for Auto Reliability and Safety.

In a [separate report](#) released yesterday, CFPB reiterated the risks of discretionary pricing policies. [The consumer groups previously supported](#) the CFPB's actions to hold auto lenders accountable for discrimination in auto lending. The \$98 million settlement reached by the CFPB and the Department of Justice (DOJ) with Ally Financial, Inc., and Ally Bank (Ally), resolving allegations that Ally had permitted automobile dealers to charge minority borrowers higher rates of interest on automobile loans than they charged white borrowers demonstrates discriminatory practices by dealers continues to be a very real problem for consumers. "Given the importance a car is to the American family, consumers must be able to buy and finance their cars in manner that is fair and transparent. The CFPB's actions take an important step in preventing discrimination and ensuring consumers are being treated justly across the auto lending market," said Ellen Taverna, legislative director of the National Association of Consumer Advocates.

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Since 1969, the nonprofit **National Consumer Law Center® (NCLC®)** has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org

The National Association of Consumer Advocates (NACA) is a nonprofit association of more than 1,500 consumer advocates and attorney members who represent hundreds of thousands of consumers victimized by fraudulent, abusive and predatory business practices. As an organization fully committed to promoting justice for consumers, NACA's members and their clients are actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means. www.naca.net

Consumers for Auto Reliability (CARS) is a national, award-winning non-profit auto safety and consumer advocacy organization dedicated to preventing motor vehicle-related fatalities, injuries and economic losses. www.carconsumers.org