

TIM SCOTT, SOUTH CAROLINA, CHAIRMAN
ELIZABETH WARREN, MASSACHUSETTS, RANKING MEMBER

MIKE CRAPO, IDAHO
MIKE ROUNDS, SOUTH DAKOTA
THOM TILLIS, NORTH CAROLINA
JOHN KENNEDY, LOUISIANA
BILL HAGERTY, TENNESSEE
CYNTHIA LUMMIS, WYOMING
KATIE BOYD BRITT, ALABAMA
PETE RICKETTS, NEBRASKA
JIM BANKS, INDIANA
KEVIN CRAMER, NORTH DAKOTA
BERNIE MORENO, OHIO
DAVID MCCORMICK, PENNSYLVANIA

JACK REED, RHODE ISLAND
MARK R. WARNER, VIRGINIA
CHRIS VAN HOLLEN, MARYLAND
CATHERINE CORTEZ MASTO, NEVADA
TINA SMITH, MINNESOTA
RAPHAEL G. WARNOCK, GEORGIA
ANDY KIM, NEW JERSEY
RUBEN GALLEGO, ARIZONA
LISA BLUNT ROCHESTER, DELAWARE
ANGELA D. ALSOBROOKS, MARYLAND

CATHERINE FUCHS, STAFF DIRECTOR
JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

February 4, 2026

Michael Darrow
Chairman of the Board
National Independent Automobile Dealers Association
4621 S. Cooper Street
Suite 131-295
Arlington, TX 76017

Dear Chairman Darrow,

I am writing to you to request information regarding auto repossession practices and error rates in the Buy Here Pay Here (BHPH) industry. Auto repossessions have hit the highest levels since the Great Recession, leading to greater demand and pressure on companies that handle the physical act of repossessing cars. While the Consumer Financial Protection Bureau (CFPB) has historically engaged in oversight of illegal auto repossessions,¹ the Trump Administration has kneecapped the agency's ability to protect consumers from auto repossession errors.² To understand the impact of these actions by the Administration, I write to request information on the BHPH industry's practices to avoid errors and information on errors from the last four years.

Consumers are currently struggling to afford cars, with the price of new cars topping \$50,000 on average and the price of used cars averaging over \$25,000.³ Since January 2020, the cost of

¹ E.g. Consumer Financial Protection Bureau, "Consumer Financial Protection Bureau Settles with Nissan Motor Acceptance Corporation for Illegal Collections and Repossession Practices," press release, October 13, 2020, <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-settles-nissan-motor-acceptance-corporation-illegal-collections-and-repossession-practices/>; Consumer Federation of American, "Driven to Default: Economy-Wide Risks of Rising Auto Loan Delinquencies," Erin Witte and Tara Mikkilineni, September 10, 2025, p. 8, <https://consumerfed.org/wp-content/uploads/2025/09/Driven-to-Default-9.9.25-final.pdf>; Consumer Financial Protection Bureau, "CFPB Takes Action Against Wrongful Auto Repossessions and Loan Servicing Breakdowns," press release, October 7, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-wrongful-auto-repossession-and-loan-servicing-breakdowns/>.

² Dashboard, "CFPB rescinds regulatory guidance on repossessions, other items," June 4, 2025, <https://niada.com/dashboard/cfpb-rescinds-regulatory-guidance-on-repossession-other-items/>; Reuters, "White House budget director plans to shut US consumer finance watchdog within months," Nandita Bose, Doina Chiacu and Douglas Gillison, October 15, 2025, <https://www.reuters.com/business/world-at-work/white-house-budget-director-vought-says-over-10000-federal-workers-could-be-laid-2025-10-15/>; Politico, "Trump administration declares CFPB funding illegal," Michael Stratford, November 11, 2025, <https://www.politico.com/news/2025/11/11/trump-administration-declares-cfpb-funding-illegal-00646354>.

³ NPR, "Cars are essential in most of the U.S. They're also increasingly unaffordable," October 30, 2025, Camila Domonoske, <https://www.npr.org/2025/10/29/nx-s1-5556935/cost-of-living-cars>.

owning a car has risen by 40%.⁴ The average interest rate for a four year auto loan on a new car was 7.51% in August 2025 which, while slightly below the peak in early 2024, is well above pre-pandemic rates.⁵ Subprime borrowers are particularly vulnerable to the rising costs: in recent months, multiple lenders for subprime borrowers have halted issuing any new loans⁶; meanwhile, over 6% of loans to subprime borrowers are 60 days or more delinquent.⁷

The rates of delinquencies and repossessions in the auto market is a blaring alarm that American consumers are hurting financially. The default rates on car loans are increasing at a *nearly identical* pace to default rates in the lead up to the 2008 financial crisis.⁸ Last year was on pace to have more repossessions than any year since 2009.⁹ The former president of the American Recovery Association said that 2025 was “looking to be the most active repossession year since the last financial crisis.”¹⁰

Having a car repossessed is a devastating and deeply disruptive experience. The vast majority of Americans who commute to work depend on a car,¹¹ and across the U.S., nearly half of Americans have *no* access to public transportation.¹² Losing access to a car often means losing a paycheck. Lack of transportation further limits consumers’ abilities to care for family, take children to daycare or doctors appointments, and access grocery stores, health clinics, and government buildings. Consumers who are forced to choose which bill to pay will often prioritize their car payment over other bills, as “autos can be repossessed with little notice.”¹³

In the Buy-Here-Pay-Here (BHPH) model, dealers provide customers with financing “in-house” and often provide broader lending standards than traditional lenders and dealerships.¹⁴ As such, BHPH dealers provide financing to individuals who may not meet the qualifications for standard

⁴ *Id.*

⁵ Federal Reserve Bank of St. Louis, “Finance Rate on Consumer Installment Loans at Commercial Banks, New Autos 48 Month Loan,” October 7, 2025, <https://fred.stlouisfed.org/series/TERMCBAUTO48NS>.

⁶ The Telegraph, “On the frontline of America’s car repossession boom,” Melissa Lawford, November 5, 2025, <https://www.telegraph.co.uk/business/2025/11/05/on-the-frontline-of-americas-car-repossession-boom/>.

⁷ The Wall Street Journal, “Americans Are Falling Behind on Their Car Payments,” Ben Clickman and Ryan Felton, October 10, 2025, <https://www.wsj.com/business/autos/auto-loans-subprime-late-payments-1d8bb33c>.

⁸ Consumer Federation of American, “Driven to Default: Economy-Wide Risks of Rising Auto Loan Delinquencies,” Erin Witte and Tara Mikkilineni, September 10, 2025, p. 5, <https://consumerfed.org/wp-content/uploads/2025/09/Driven-to-Default-9.9.25-final.pdf>

⁹ Newsweek, “Car Repossessions Approaching Record High as Delinquency Rates Soar,” Hugh Cameron, October 20, 2025, <https://www.newsweek.com/car-repossessions-approaching-record-high-as-delinquency-rates-soar-10908518>.

¹⁰ The Telegraph, “On the frontline of America’s car repossession boom,” Melissa Lawford, November 5, 2025, <https://www.telegraph.co.uk/business/2025/11/05/on-the-frontline-of-americas-car-repossession-boom/>.

¹¹ United States Census Bureau, “Census Bureau Releases New Brief About Travel to Work Since Pandemic’s Onset,” press release, February 20, 2024, <https://www.census.gov/newsroom/press-releases/2024/travel-to-work-since-pandemic.html>.

¹² American Public Transportation “Public Transportation Facts,” <https://www.apta.com/news-publications/public-transportation-facts/>.

¹³ FICO Score, “FICO® Score Credit Insights,” p. 12, <https://www.fico.com/en/resource-access/download/55026>; Federal Reserve Bank of New York, “When the Household Pie Shrinks, Who Gets Their Slice?,” Jacob Conway, Natalia Fischl-Lanzoni, and Matthew Plosser, March 6, 2025, <https://libertystreeteconomics.newyorkfed.org/2025/03/when-the-household-pie-shrinks-who-gets-their-slice/>.

¹⁴ Experian, “What Is Buy Here, Pay Here Auto Financing?,” Emily Gerson, July 18, 2024, <https://www.experian.com/blogs/ask-experian/what-is-a-buy-here-pay-here-dealership/>.

lenders and who may also end up paying higher rates and/or have larger down payment requirements.¹⁵ It was reported that between 2018 and 2020, BHPH lenders wrote off more than 35% of their loans.¹⁶ There is also evidence that repossessions are built into BHPH dealers' business models¹⁷ and that "[d]efaults and repossessions may actually be more beneficial to BHPH dealers than a consumer's successful completion of all the required payments."¹⁸ As such, BHPH dealers may handle a higher rate of repossessions than traditional lenders and servicers.

When cars are repossessed, the process can include lenders and multiple outside parties. Typically, when a lender decides to trigger a repossession, the lender hires an outside party to handle the repossession, known as an "assignment."¹⁹ Some of these assignments are funneled through a "forwarder," another middleman in the repossession chain.²⁰ These forwarders take a cut of the profit, limiting the funds available to pay the party who handles the ultimate repossession.²¹ The often-local repossession company is then responsible for finding the car and completing the repossession.²²

Currently, there is no publicly available data nor comprehensive review of error rates in auto repossessions. Typically, this is the type of investigation that the CFPB would conduct²³ and would be consistent with their prior extensive oversight and enforcement work on unlawful repossessions.²⁴ However, as repossession rates are rising, the Acting Director of the CFPB is trying to illegally shut down the agency and sideline its work on behalf of American families.²⁵ The CFPB, under the Trump Administration, recently issued a proposed rule that could "eliminate all oversight of subprime lenders" and require oversight only for lenders that originate

¹⁵ *Id.*

¹⁶ NABD and Subprime Analytics, "Buy-Here, Pay-Here Trends Market Perspectives 2020," p. 9, <https://www.sgcaccounting.com/Resources/BHPHBenchmarks2020.pdf#:~:text=Average%20Gross%20Dollar%20Loss%20,21st%20Month>.

¹⁷ Los Angeles Times, "A vicious cycle in the used car business," Ken Bensinger, October 30 - November 2, 2011, <https://www.latimes.com/projects/la-fi-buyhere-payhere/>.

¹⁸ Comment of Center for Responsible Lending et al., Auto Finance Data Project Docket No. CFPB-2024-0004, March 25, 2024, p. 5, <https://www.nclc.org/wp-content/uploads/2024/03/Consumer-Groups-Comment-CFPB-2024-0004-Auto-Finance-Data-3-25-24.pdf>.

¹⁹ The Telegraph, "On the frontline of America's car repossession boom," Melissa Lawford, November 5, 2025, <https://www.telegraph.co.uk/business/2025/11/05/on-the-frontline-of-americas-car-repossession-boom/>.

²⁰ The Wall Street Journal, "We Spent the Night Shift With the Repo Man, Who Is Busier Than Ever," Scott Calvert, October 28, 2025, <https://www.wsj.com/business/autos/we-spent-the-night-shift-with-the-repo-man-who-is-busier-than-ever-ff40dcb9>.

²¹ *Id.*

²² *Id.*

²³ 15 U.S.C. 5562(c)(1) (giving the CFPB authority to issue a civil demand to parties in possession of materials or information "relevant to a violation.").

²⁴ Consumer Financial Protection Bureau, "CFPB Takes Action Against Wrongful Auto Repossessions and Loan Servicing Breakdowns," press release, October 7, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-wrongful-auto-repossessions-and-loan-servicing-breakdowns/>.

²⁵ Reuters, "White House budget director plans to shut US consumer finance watchdog within months," Nandita Bose, Doina Chiacu and Douglas Gillison, October 15, 2025, <https://www.reuters.com/business/world-at-work/white-house-budget-director-vought-says-over-10000-federal-workers-could-be-laid-2025-10-15/>; Politico, "Trump administration declares CFPB funding illegal," Michael Stratford, November 11, 2025, <https://www.politico.com/news/2025/11/11/trump-administration-declares-cfpb-funding-illegal-00646354>.

more than 1 million loans a year—effectively removing supervision from all but five of them.²⁶ The CFPB has also rescinded guidance²⁷ on “Mitigating Harm From Repossession of Automobiles,” which had provided information, best practices, and examples of potential violations related to auto repossessions.²⁸

The National Independent Automobile Dealers Association (“NIADA”) describes itself as “among the nation’s largest trade associations” and “represent[s] the used motor vehicle industry comprised of some 40,000 licensed used car dealers.”²⁹ NIADA works closely with many BHPH dealers, having recently hosted a BHPH-specific forum³⁰ and published a BHPH-focused magazine.³¹ Given the depth and breadth of NIADA’s expertise and membership, I believe that NIADA may help uncover industry-wide trends and practices related to auto repossessions.

Car repossession is a devastating disruption to someone’s life—and it is inexcusable when that repossession is in error. To provide me with a better understanding of the current consumer protections in the repossession market, I request answers to the following questions no later than February 16, 2026.

1. Between January 1, 2022, and December 31, 2025, please provide available data and the NIADA’s understanding of recent trends on the following items among its BHPH members. Please limit your responses to personal automobiles.
 - a. On an annual basis, what is the average percentage of loans made by your members that end in repossession? Provide data to show a breakdown of those repossessions by credit score, amount of loan, and time since loan origination to repossession.
 - b. On an annual basis, provide the average number of repossessions your twenty largest members conduct i) themselves, ii) by hiring an outside party to complete the repossession, and iii) by hiring a forwarder who in turn hires an outside party to complete the repossession.
 - c. In 2022, 2023, 2024, and 2025, provide the number of repossession events tied to a BHPH member’s loans which involved the following scenarios on an annual basis. For each, please also provide NIADA’s understanding of the major risk factors contributing to the error and how members are mitigating those risks.
 - i. Repossession events involving towing or attempting to tow the incorrect personal automobile due to an error by a member company
 - ii. Repossession events involving towing or attempting to tow the incorrect personal automobile due to an error by an outside entity directly or indirectly hired by a member company

²⁶ American Banker, “As auto delinquencies rise, CFPB seeks to cut oversight,” Kate Berry, November 6, 2025, <https://www.americanbanker.com/news/as-auto-delinquencies-rise-cfpb-seeks-to-cut-oversight>.

²⁷ Dashboard, “CFPB rescinds regulatory guidance on repossessions, other items,” June 4, 2025, <https://niada.com/dashboard/cfpb-rescinds-regulatory-guidance-on-repossessions-other-items/>.

²⁸ Consumer Financial Protection Bureau, Compliance Bulletin and Policy Guidance, “Mitigating Harm From Repossession of Automobiles,” March 3, 2022, <https://www.federalregister.gov/documents/2022/03/03/2022-04508/bulletin-2022-04-mitigating-harm-from-repossession-of-automobiles>.

²⁹ Dashboard, “Deep dive sessions equip BHPH dealers with operations knowledge,” November 19, 2025, <https://niada.com/dashboard/deep-dive-sessions-equip-bhph-dealers-with-operations-knowledge/>.

³⁰ *Id.*

³¹ NIADA, “BHPH Dealer Magazine,” <https://niada.com/bhph-dealer-magazine/>.

2. Between January 1, 2022, and December 31, 2025, please provide available data and the NIADA's understanding of recent trends on the following items among its BHPH members. Please limit your responses to personal automobiles.
 - a. How often do consumers make formal or informal complaints or claims that a repossession was in error, even if the repossessing party disagrees? Provide the number of such repossessions for your 20 largest auto lender members on an annual basis.
 - i. What are the most common reasons consumers believe the repossession to be in error? Please list the top 5 reasons provided by consumers.
 - ii. Please provide data on how these situations are resolved to include: i) the timeline of resolution, ii) the ultimate resolution of such situations, and iii) how often these processes include a consumer lodged complaints with a government agency, the Better Business Bureau, or other third party.
 - b. On an annual basis, provide data on how often your members handle situations in which there is a dispute between the lender and the consumer about the terms of an agreement, particularly following a loan modification or other arrangement. Please discuss how often such situations relate to COVID era modifications.
 - c. How often do repossessions occur for loans where a consumer has made a formal or informal complaint or claim that there was a material problem with the underlying transaction? Provide the number of such repossessions for your 20 largest BHPH members on an annual basis.
3. For each of the following topics, please provide any best practices, manuals, training materials, process guides, or other guidance that NIADA is aware of or provides to its members. As applicable, please limit your responses to personal automobiles.
 - a. Practices to prevent errors in automobile repossession due to actions of the member
 - b. Practices to prevent errors in automobile repossession due to actions of a third party hired by the member
 - c. Practices for automobiles that are repossessed in error
 - d. Practices to avoid placing a repossessing agent, consumer debtor, or the public in danger during a repossession, including practices to avoid breaching the peace
 - e. Practices for personal property in repossessed automobiles
 - f. Practices for how to handle situations where a consumer claims the repossession was made in error even if the repossessing party does not believe it to be in error
 - g. Practices on how to handle situations where a consumer claims there was a material problem with the underlying transaction
 - h. Prior to a repossession, practices for when a consumer raises issues about their alleged default, arrearage, or other late payments that could trigger a repossession
4. For the following topics, provide available data and NIADA's understanding of recent trends on the following items among its BHPH members. Please provide any associated best practices, manuals, training materials, process guides, or other guidance that NIADA is aware of or provides to its members. As applicable, please limit your responses to personal automobiles.

- a. Use of GPS locators or other devices that track the location of a vehicle
- b. Use of kill switches or other devices, including starter interrupter devices, that allow a party to disable a vehicle for purposes of repossession
- c. Use of kill switches or other devices, including starter interrupter devices, that allow a party to disable a vehicle for purposes other than repossession
- d. Use of any other device to remind or encourage consumers to make payments including but not limited to devices that make noise to remind customers to pay

I thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs