United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

March 10, 2026

Michael G. Rhodes
Chief Executive Officer
Ally Financial Inc.
500 Woodward Ave.
Floor 10
Detroit, MI 48226

Dear Mr. Rhodes,

Ally is one of the nation's largest auto lenders and provides loans to hundreds of thousands of Americans,[1] including many service members. A recent report showed that between 2018 and 2022, service members with comparable credit scores to civilians were paying interest rates that were on average 0.35 percentage points higher when purchasing new cars and 0.28 percentage points higher when purchasing used cars.[2] I am particularly concerned since service members could face more professional and personal consequences, such as losing their security clearance, if they default on an auto loan—a risk that is greater when they are being charged unfairly high rates. I appreciate Ally's response to my prior letter regarding auto repossessions. I now seek additional information about Ally's recent loans to better understand how Ally's practices affect service members.

The vast majority of Americans who commute to work depend on a car,[3] and across the U.S., nearly half of Americans have *no* access to public transportation.[4] Most military installations are in suburban or rural areas with limited access to robust public transportation.[5] As a result, many

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[1] Ally, "2024 Annual Report," p. 25, https://www.ally.com/content/dam/pdf/investor-relations/2024-10k.pdf. Total originations are based on committee staff's calculations using the reported value of originations. Staff made conservative estimates for the percentage of such originations that were leases, determined the subsequent average loan value for 200,000 originations, and ensured that calculated average loan value greatly exceeded the actual average auto price. Where necessary, annual figures are estimated from quarterly figures.
[2] Consumer Financial Protection Bureau, "Auto lending to servicemembers," January 2025, p. 4, https://files.consumerfinance.gov/f/documents/cfpb_servicemember-auto-finance-report_2025-01.pdf.
[3] 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.
[4] American Public Transportation "Public Transportation Facts," https://www.apta.com/news-publications/public-transportation-facts/.
[5] The Washington Post, Opinion, "Military bases are our most exclusive gated communities — and that hurts veterans," Phillip Carter and David Barno, November 8, 2013, https://www.washingtonpost.com/opinions/military-bases-are-our-most-exclusive-gated-communities--and-that-hurts-veterans/2013/11/08/27841b1e-47cb-11e3-a196-3544a03c2351_story.html; Today's Military, "Bases Around the World," https://www.todaysmilitary.com/ways-to-serve/bases-around-world.

service members need access to a car, and approximately one in five service members have $20,000 or more in auto debt by age 24.[6]

For many service members, purchasing a car is their first major purchase. Service members have less time and opportunities to negotiate an auto purchase and may be subject to limitations on when and how far they can travel to purchase a car due to military leave policies.[7] Furthermore, there has been an unfortunate history of allegations that unscrupulous auto dealers and lenders have taken advantage of service members through fraud,[8] deceit,[9] scams,[10] and unlawful practices.[11] In one recent case, service members were told not to go to a used car dealer that "coerced service members with no driver's license to buy a car," and in one case, charged a service member a $5,000 *deposit* for a defective car.[12] In part due to these dynamics, "servicemembers tend to carry more auto loan debt at younger ages than" civilians.[13]

Military leaders have attempted to protect service members from taking on excessive, exploitative auto debt. For example, the Office of Financial Readiness provides information and guidance about auto loans.[14] Additionally, military leaders may forbid soldiers from visiting dealerships known to engage in abusive practices.[15] Despite these efforts, recent reporting

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[6] Federal Trade Commission, Final Rule, "Combating Auto Retail Scams Trade Regulation Rule," January 4, 2024, https://www.federalregister.gov/documents/2024/01/04/2023-27997/combating-auto-retail-scams-trade-regulation-rule.

[7] United States Army Human Resources Command, "Absences Leaves and Passes AR 600-8-10," https://www.hrc.army.mil/content/Absences%20Leaves%20and%20Passes%20AR%20600-8-10; Fort Hood Sentinel, "How far can I travel without needing a leave form or mileage pass?" Sgt. 1st Class Missy Washington, Asst. IG, III Corps, December 22, 2015, https://forthoodsentinel.com/news/how-far-can-i-travel-without-needing-a-leave-form-or-mileage-pass/article_aa209105-354e-5abb-b44c-ad92a999d87f.html.

[8] MotherJones, "Meet the Sleazebucket Car Dealers Who Prey On Our Troops," Stephanie Mencimer, July/August 2009, https://www.motherjones.com/politics/2009/08/i-love-mark-uniform/.

[9] *Id.*; Consumer Financial Protection Bureau, "CFPB Orders Servicemember Auto Loan Company to Pay $3.28 Million for Illegal Debt Collection Tactics," press release, October 28, 2015, https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-servicemember-auto-loan-company-to-pay-3-28-million-for-illegal-debt-collection-tactics/.

[10] State of California Department of Justice, "Attorney General Bonta Issues Consumer Alert Amid Increase in Reported Scams Targeting the Military Community," press release, July 31, 2025, https://oag.ca.gov/news/press-releases/attorney-general-bonta-issues-consumer-alert-amid-increase-reported-scams.

[11] U.S. Department of Justice, "Justice Department Obtains $80,000 Settlement Against Subprime Auto Lender in Orange County, California, for Illegally Repossessing Servicemembers' Cars," press release, March 6, 2019, https://www.justice.gov/archives/opa/pr/justice-department-obtains-80000-settlement-against-subprime-auto-lender-orange-county; Consumer Financial Protection Bureau, "CFPB Orders Auto Lenders to Refund Approximately $6.5 Million to Servicemembers," press release, June 27, 2013, https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-auto-lenders-to-refund-approximately-6-5-million-to-servicemembers/.

[12] Post on YouTube by 13News Now, "Norfolk car dealership 'off-limits' for military," November 30, 2023, https://www.youtube.com/watch?v=XyfWZNwe9-8.

[13] U.S. Department of Justice, "Justice Department and the Consumer Financial Protection Bureau Underscore Legal Obligations of Auto Finance Companies During Military Consumer Month," press release, July 29, 2022, https://www.justice.gov/archives/opa/pr/justice-department-and-consumer-financial-protection-bureau-underscore-legal-obligations-auto.

[14] Office of Financial Readiness, "Car Buying Basics," https://finred.usalearning.gov/Money/CarBuyingBasics; Office of Financial Readiness, "Know the True Cost of Your Loan," https://finred.usalearning.gov/Money/TrueLoanCost.

[15] News 3 WTKR, "Chesapeake's Image Auto Group dealership added to Navy's 'off-limits list' for 'unethical business practices'," September 9, 2025, https://www.wtkr.com/news/in-the-community/norfolk/chesapeake-car-

suggests that service members pay interest rates on auto loans that are on average 0.6 percentage points higher than civilians.[16] Even after controlling for credit scores, which are similar between service members and civilians,[17] service members still pay higher interest rates, averaging 0.35 percentage points higher when purchasing new cars and 0.28 percentage points higher when purchasing used cars.[18] Based on these differences, a service member who fully finances the purchase of an average new car would pay more over the life of the loan than a civilian.[19]

Given that one-in-five young service members have $20,000 or more in auto debt, these costs have significant implications on service members—and military readiness. If a service member has more debt than they can afford, the ramifications can include loss of security clearance, loss of opportunities to serve overseas, fewer career opportunities, or reduced career advancement.[20]

Congress has taken some steps to strengthen consumer protections for service members, chief among them by passing the Military Lending Act (MLA). The MLA provides a variety of protections to service members, their spouses, and their dependents, including a prohibition on prepayment penalties, required disclosures, and a maximum annual interest rate of 36%.[21] Critically, however, the protections of the MLA do *not* apply to many auto loans.[22] And in 2023, the U.S. Court of Appeals for the Fourth Circuit affirmed that the MLA's protections do not apply to service members who finance car purchases in conjunction with certain related expenses, such as GAP insurance, an insurance product that provides coverage when a consumer owes more on a car than it is worth.[23] This decision appears to have cemented a gap in the MLA

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dealership-added-to-navys-off-limits-list-for-unethical-business-practices; 13 News Now, "Norfolk car dealership placed on 'off-limits' list for service members after unfair practices," September 18, 2023, https://www.13newsnow.com/article/news/local/mycity/norfolk/norfolk-car-dealership-placed-off-limits-list-service-members/291-fa02e23a-3634-4f54-9f63-385b49c4ef49; Department of the Navy, Navy Region Mid-Atlantic Public Affairs Office, "Norfolk business placed off-limits to all service members," press release, November 30, 2023, https://cnrma.cnic.navy.mil/Portals/81/CNRMA/Documents/Media_Releases/23-18%20Norfolk%20establishment%20placed%20on%20off-limits%20list%20to%20all%20service%20members.pdf.

[16] PYMNTS, "CFPB Finds Servicemembers Pay More Than Civilians for Auto Loans," January 29, 2025, https://www.pymnts.com/consumer-finance/2025/cfpb-finds-servicemembers-pay-more-than-civilians-for-auto-loans/.

[17] U.S. Department of Defense, Office of the Under Secretary of Defense for Personnel and Readiness, "Report on the Military Lending Act and the Effects of High Interest Rates on Readiness," May 2021, p. 9, https://finred.usalearning.gov/assets/downloads/FINRED-MLA_ReportEffectsHighInterestRatesOnReadiness-May2021.pdf.

[18] Consumer Financial Protection Bureau, "Auto lending to servicemembers," January 2025, p. 4, https://files.consumerfinance.gov/f/documents/cfpb_servicemember-auto-finance-report_2025-01.pdf.

[19] For a new car in the third quarter of 2025, the average auto loan was at 6.56% and was for 69 months. Nerdwallet, "What's the Average Car Loan Length?," Shannon Bradley, January 12, 2026, https://www.nerdwallet.com/article/loans/auto-loans/average-car-loan-length; Nerdwallet, "Average Car Loan Interest Rates by Credit Score," Shannon Bradley, February 24, 2026, https://www.nerdwallet.com/article/loans/auto-loans/average-car-loan-interest-rates-by-credit-score.

[20] The USAA Educational Foundation, "Dangers of Debt in the Military," https://usaaef.org/credit-debt/debt/managing-debt/dangers-of-debt-in-the-military/.

[21] The Federal Reserve, "Military Lending Act," p.1, https://www.federalreserve.gov/boarddocs/supmanual/cch/mla.pdf.

[22] Office of Financial Readiness, "Military Lending Act," https://finred.usalearning.gov/assets/downloads/FINRED-MLA-FS.pdf.

[23] Ballard Spahr LLP, "Consumer Finance Monitor," Brian Turetsky, April 26, 2023, https://www.consumerfinancemonitor.com/2023/04/26/fourth-circuit-holds-gap-coverage-financed-with-vehicle-purchase-is-exempt-from-mla/; JD Supra, "Divided 4th Circuit: Including GAP coverage does not eliminate auto

where the "[auto] loan, which was used for both an MLA-exempt and non-exempt purpose, can be treated together under the statute" when the auto loan is "for the specific purpose of financing a car."[24]

The Consumer Financial Protection Bureau (CFPB) has historically vigorously enforced the Military Lending Act and worked to protect service members from predatory lenders, including from exploitative car lenders.[25] As of early 2025, the agency had brought 42 total enforcement actions to protect veterans and service members and had provided over $185 million in relief to consumers based on those actions.[26] Even as Acting Director Vought continues his illegal campaign to shut down the agency, CFPB leadership claimed that the CFPB would prioritize its work to protect service members and their families.[27] However, since the Trump Administration took over the CFPB, the agency has dropped a major consent order against Navy Federal Credit Union following allegations that it charged its members illegal overdraft fees,[28] proposed to allow Money Lion to continue charging service members usurious fees that violate the MLA,[29] and has failed to bring any new enforcement actions to address any consumer protection concerns of service members and their families.[30] The CFPB's actions under President Trump have made a mockery of its promise to continue fighting on behalf of service members, their families, and veterans.

While the CFPB's work protecting service members has been sidelined by the current Administration, I write to better understand the extent to which service members have higher

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loan exemption from MLA," Orrick, Herrington & Sutcliffe LLP, April 17, 2023, https://www.jdsupra.com/legalnews/divided-4th-circuit-including-gap-3161469/.

[24] JDSupra, "Divided 4th Circuit: Including GAP coverage does not eliminate auto loan exemption from MLA," Orrick, Herrington & Sutcliffe LLP, April 17, 2023, https://www.jdsupra.com/legalnews/divided-4th-circuit-including-gap-3161469/.

[25] Consumer Financial Protection Bureau, "The CFPB is protecting the military community and providing relief," Office of Servicemember Affairs, May 23, 2024, https://www.consumerfinance.gov/about-us/blog/the-cfpb-is-protecting-the-military-community-and-providing-relief/; Consumer Financial Protection Bureau, "CFPB Orders Servicemember Auto Loan Company to Pay $3.28 Million for Illegal Debt Collection Tactics," press release, October 28, 2015, https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-servicemember-auto-loan-company-to-pay-3-28-million-for-illegal-debt-collection-tactics/; Consumer Financial Protection Bureau, "CFPB Orders Auto Lenders to Refund Approximately $6.5 Million to Servicemembers," press release, June 27, 2013, https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-auto-lenders-to-refund-approximately-6-5-million-to-servicemembers/.

[26] National Consumer Law Center, "The CFPB: Protecting Servicemembers and Veterans," February 4, 2025, https://www.nclc.org/resources/the-cfpb-protecting-servicemembers-and-veterans/.

[27] The New York Times, "Consumer Bureau Leader Requests $145 Million for Agency He Wants to Eliminate," Stacy Cowley, January 9, 2026, https://www.nytimes.com/2026/01/09/us/politics/cfpb-vought-funds.html; Ballard Spahr LLP, "CFPB rescinds enforcement, supervisory priority documents, outlines new priorities for 2025," Alan S. Kaplinsky, John L. Culhane, Jr. & Richard J. Andreano, Jr., April 17, 2025, https://www.consumerfinancemonitor.com/2025/04/17/cfpb-rescinds-enforcement-supervisory-priority-documents-outlines-new-priorities-for-2025/.

[28] Reuters, "US consumer watchdog scraps $95 million 'illegal fees' settlement with Navy Federal Credit Union," July 1, 2025, https://www.reuters.com/legal/government/us-consumer-watchdog-scraps-95-million-illegal-fees-settlement-with-navy-federal-2025-07-01/.

[29] Protect Borrowers, "Trump's CFPB Waves the White Flag on the Military Lending Act to Give MoneyLion a Sweetheart Deal. Why?," Erin Witte, December 11, 2025, https://protectborrowers.org/trumps-cfpb-waves-white-flag-on-military-lending-act-to-give-moneylion-a-sweetheart-deal/.

[30] Consumer Financial Protection Bureau, "Enforcement actions," https://www.consumerfinance.gov/enforcement/actions/.

Annual Percentage Rates (APRs) than civilians and what actions are needed to support service members seeking affordable, fair auto loans. I request answers to the following questions no later than March 24, 2026. Please limit your responses to consumer auto loans made in the United States and exclude any government or fleet loans, even if used to acquire an automobile.

1. For all auto loans you originated or serviced during the period from January 1, 2023, through December 31, 2025, please provide the following[31]:
    a. The average cash price of the vehicle sold, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    b. The average cash price to value ratio of vehicles sold, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    c. The average total down payment, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    d. The average unpaid balance of the cash price after accounting for down payment, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    e. The average sum of other charges and amounts paid to others by the consumer, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    f. The average sum of other charges and amounts paid to others on the consumer's behalf, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    g. The average total fees paid to the dealer (excluding down payments or fees paid to the dealer for taxes, titling, or other fees ultimately paid to a third party), for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    h. The average total fees paid for all add-on products such as GAP, automobile service contracts, and extended warranties, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
    i. For each of the following, provide the average price paid by the consumer, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians:
        i. Lender-provided GAP
        ii. Third-party GAP
        iii. a lender-provided automobile service contract
        iv. a third-party automobile service contract
        v. a lender-provided prepaid maintenance plan
        vi. a third-party prepaid maintenance plan
        vii. a lender-provided extended warranty
        viii. a third-party extended warranty
        ix. all other add-on products;

[31] Terms are defined at Appendix A, https://files.consumerfinance.gov/f/documents/cfpb_auto-finance-loan-1022-sample-order_2023-02.pdf. Veteran status refers to the borrower or co-borrower's status as a former member of the armed forces including those on active Guard or active Reserve duty as defined by the Military Lending Act and Servicemembers Civil Relief Act and was discharged under conditions other than dishonorable.

j. Provide the percentage of vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians that included the purchase of each of the following:
    i. Lender-provided GAP
    ii. Third-party GAP
    iii. a lender-provided automobile service contract
    iv. a third-party automobile service contract
    v. a lender-provided prepaid maintenance plan
    vi. a third-party prepaid maintenance plan
    vii. a lender-provided extended warranty
    viii. a third-party extended warranty
    ix. all other add-on products;
k. The average total government fees (excluding sales tax but including any other taxes), for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
l. The average prior loan or lease balance, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
m. As applicable, the average trade in credit for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
n. The average amount credited to the consumer or (in the case of negative equity) added to the amount financed for the vehicle the consumer is purchasing for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
o. The average prepaid finance charges, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
p. The average amount financed, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
q. The average annual percentage rate of loans for borrowers with the following credit scores: less than 580, 580-669; 670-739; 740-799; and over 800, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
r. The average term of the loan (in months), for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
s. The percentage of loans that are direct, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
t. The percentage of loans that are indirect, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
u. As applicable, the average buy rate, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
v. As applicable, the average dealer markup or reserve, expressed as a difference in interest rate, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
w. The percentage of vehicles sold to veterans or active duty service members that included a mark-up and the percentage of vehicles sold to non-service members civilians that included a mark-up;

x. The average contract rate, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
y. The average required loan payment of loans, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
z. The most common required loan payment frequency for loans, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
aa. The percentage of loans that are subvented, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
bb. The percentage of loans that are not subvented, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
cc. The average amount of money paid by you or the original lender to an automobile dealer, including any costs associated with purchasing the note, purchasing the retail installment sales contract, commissions, or other costs, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
dd. The average front end loan-to-value ratio, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
ee. The average back end loan-to-value ratio, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
ff. The average payment-to-income ratio, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
gg. The percentage of loans that are for the purchase of an automobile (as compared for the refinance of a vehicle), for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
hh. The percentage of loans that are for the refinance of an automobile (as compared to the purchase of an automobile), for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
ii. The percentage of loans that were for vehicles deemed new at the time or origination, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
jj. The percentage of loans that were for vehicles deemed used at the time or origination, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
kk. The average borrower credit score at origination, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;
ll. The average borrower income at origination, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;

mm. The most common borrower income frequency (annual/monthly) for purchases of vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;

nn. The percentage of borrowers with military status, excluding veterans, across all financed auto purchases;

oo. The percentage of borrowers who are veterans across all financed auto purchases;

pp. The percentage of loans with a co-borrower at origination, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;

qq. As applicable, the average co-borrower credit score at origination, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;

rr. As applicable, the average co-borrower income at origination, of loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;

ss. As applicable, the most common co-borrower income frequency for purchases of vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians;

tt. The percentage of co-borrowers with military status, excluding veterans, for loans for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians; and

uu. The percentage of co-borrowers who are veterans for loans, for vehicles sold to veterans or active duty service members versus vehicles sold to non-service members civilians.

2. Does Ally offer any special financing, options, or other products for prospective borrowers who are service members, veterans, or their families? If so, please describe those products and include copies of any borrower-facing materials related to the products.

3. If Ally has consumer-facing locations, provide the name of the closest military installation and the distance in miles for each consumer-facing location.
    a. If Ally provides indirect lending services, identify all contracts with motor vehicle dealers to provide indirect lending services. For each such dealer, provide the name of the closest military installation.

4. Please describe any initiatives Ally has taken in the last three years to support service members, veterans, their families, and related parties.
    a. Has Ally provided any services on military installations, including any educational classes, consumer finance initiatives, sponsored events, or similar activities in the last three years? If yes, please provide the date, location, purpose, and targeted audience of each activity.

5. In your experience, what are the greatest hurdles facing service members seeking to purchase and finance a car?

I thank you for your attention to this matter.

Sincerely,

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