



TEXAS CONSUMERS SPEAK OUT ABOUT DEALERSHIP FRAUD

Since the release of Public Citizen's report, *Rip-Off Nation: Auto Dealers' Swindling of America*, Public Citizen has been contacted by **42 consumers** who either live in Texas or purchased their vehicle in the state and who gave us permission to share their stories with law enforcement. These consumers described numerous ways that they been swindled when purchasing a vehicle.

- More than half (35) of the TX consumers secured financing through the dealership. Thirteen of these people said that loan terms were changed without their consent. Another 5 were uncertain as to whether their loan terms had been changed.
- Nineteen of the TX consumers noticed undisclosed products or services on their contracts. An additional 12 said they may have had undisclosed charges, but were unsure. These hidden items included Lo Jack, extended warranties, gap insurance¹ and "Etch."²
- Twelve of the TX consumers were offered products or services "free of charge." At least two of these people later found out that there were in fact charges for the offered items (an additional eight of the 12 were unsure). The consumers were charged for "free" items including auto care programs and warranties.
- Three TX consumers noted that they were offered "etch" on their contracts (another 27 were unsure). Only one of these consumers had the charge for the product described to them.
- Fifteen TX consumers took spot delivery of their vehicle, and 7 of these consumers had the terms of their contracts altered following delivery. These changes included altered interest rates, increased lengths of loan payments and the lending institution supporting their loan.
- Nine TX consumers signed mandatory arbitration agreements. An additional 21 were not sure whether they signed them or not.
- Sixteen TX consumers were asked to sign blank or largely blank paperwork.

IN THEIR OWN WORDS:

Hey, that's not what I asked for!

Consumer in San Antonio, TX, wrote:

After the purchase, I discovered the vehicle had been in an accident that had not been disclosed to me which would have resulted in a lower price and the salesperson refused to come down on the price stating that once driven off the lot nothing can be changed, as I have bought the car.

Consumer from Denton, TX, wrote:

I was not given any paperwork. I was told it would be mailed to me. It was never mailed. I had to threaten them with a lawsuit in order to get the paperwork. They had \$3500 worth of extras that I had not agreed to. They finally agreed to cancel the extended warranty but they never reimbursed me for it. They refused to cancel the other two extras.

Consumer in Dallas, TX, wrote:

If I, a single black female, would have known that I was paying for a 48 month car for 60 months or more, then I would have reconsidered. I simply did not realize it was a "balloon note" deal that I drove away in. They knew that after 4 years, I would not be completely done paying for the car --- that I would need to extend the payments or pay a huge balance on the car --- by that time I had over 100,00 miles on the car and there was no real value left in it as trade-in was concerned. I would have been required to pay the excess miles at 28 cents per mile, if I chose to remain in the car, or come in and get another car from them.

Consumer in Damon, TX, wrote:

When I was provided a copy of the Buyer's Order from the dealership there was a \$389 Dealer Services Fee. I of course questioned the finance manager about this, and told him that I wasn't interested in it. This \$389 fee is supposed to be for additional goods and services provided by the dealer (in the form of coupons and a \$1,000 theft policy). Also, the coupons must be redeemed at that specific dealership. I live at least 60 miles from the dealership, and explained that I would NEVER have the opportunity to use the services, and that I didn't want them. I was told that this is a charge they included on ALL sales to ALL customers, and because they did it consistently on each and every sale, that it was legal. Further, I was told that if I didn't want to pay the \$389 Dealer Services Fee, it was my choice not to purchase the car. If I wanted the car, I would have to pay it.

First they promise us something, then they say it doesn't exist.

Consumer in Plano, TX, wrote:

My wife and I were told that we had their 7 year/70K mile bumper to bumper warranty and we just found out that we have the 3 year/36k mile warranty and our mileage is 37,5K miles and we have no warranty on our truck. We were lied/mislead and were told we were getting the 7year/70K mile warranty. The dealership we took it to said they never heard of a 7year/70K mile warranty.

They bullied me into buying something I didn't need.

Consumer in League City, TX, wrote:

I was told that I must purchase the extended warranty per the financial institution that was doing the loan by the finance department at the dealership. I called the institution and they told me that this was not their policy.

Collections on a trade-in contract that the dealer was supposed to pay for?

Consumer from Denton, TX, wrote:

When I purchased this vehicle, I traded in a vehicle that was currently under a lease contract. [The dealership] was supposed to pay off the lease when the vehicle was traded in, and they did not. We only discovered this when the financial institution that held the lease contacted us for collection after nonpayment on our account. Their excuse was that their finance manager was fired the day the BMW was purchased, so he neglected to pay off the trade-in.

These inflated charges are ridiculous.

Consumer in Austin, TX, wrote:

I was told that I would have a 4 year loan and the loan coupons turned out to be a 5 year loan. The interest rate was high; it was not what was agreed upon. I was told that I must pay for a clear coat and rust proofing because all the vehicles come with it from the manufacturer. Bumpers cost extra on pickups since they are not made with bumpers and have to be purchased separately.

¹ Gap insurance is written to cover, in the event of a theft or total loss, the balance between the cash value of the vehicle and the amount of the loan.

² "Etch" is typically is sold as an insurance program that includes an engraving of a number, often the Vehicle Identification Number (VIN), on vehicle windows to serve as an anti-theft assurance and recovery device.