



CALIFORNIA 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 **50 consumers** who either live in California or purchased their vehicle in the state. Forty-eight of these people gave us permission to share their stories with law enforcement. These consumers described numerous ways that they been swindled when purchasing a vehicle.

- A vast majority (35) of the CA consumers secured financing through the dealership. Two dozen of this group said that loan terms were changed without their consent. Another seven were uncertain as to whether their loan terms had been changed.
- Nearly half (20) of the CA consumers noticed undisclosed products or services on their contracts. An additional 14 said they may have had undisclosed charges, but were unsure. These hidden items included gap insurance,¹ service fees, various items of automotive equipment and additional warranties.
- Sixteen of the CA consumers were offered products or services "free of charge" and ten of these people later found out that there were in fact charges (an additional 2 of the sixteen were unsure). The 10 consumers were charged for "free" items including bed liners, leather interiors, remote entry services, gap insurance policies, oil changes and maintenance programs.
- Two 2 CA consumers noted that they were offered "etch"² on their contracts, neither had it explained to them, and a full 23 did not know if they had been offered the service or not.
- Fifteen CA consumers took spot delivery of their vehicle and just more than half of them (8) had the terms of their contracts altered following delivery. These changes included inflated prices, alterations in their warranty agreements, all types of loan terms and the amount of money down they needed to pay to secure their new vehicle.
- Twelve CA consumers signed mandatory arbitration agreements. An additional 25 were not sure whether they signed them or not.
- Eight CA consumers were asked to sign blank or largely blank paperwork.

IN THEIR OWN WORDS:

We never asked for it, why are we paying for it?

Consumer in Huntington Beach, CA wrote:

[D]uring the transaction that they tried to sell me an extended warranty without my knowledge. Then when I refused it, they recalculated the loan at a rate 2% higher than we had agreed to!

Consumer in Los Angeles, CA, wrote:

They told me that my interest rate was 2.15% but after I signed I did some calculations and realized it is actually nearly 10%!! I would've paid cash if I had known otherwise. Also, they charged me for both an aerodynamics package and a spoiler, but a spoiler is included in the aerodynamics package! They also told me that tax, licensing and other fees were included in the negotiated price, but I don't believe that they were.

They didn't tell us our car was a rental.

Consumer in Rialto, CA, wrote:

When we agreed to buy the car we did not know that the car was previously a rental and we did not know that we had to pay the smog fees until 2 hours worth of waiting to sign the contracts. Now we find out that the car has some serious oil leaks and we now found the sticker under the seat when we were cleaning it. The sticker has something whited out and taped over some of the print. I feel that someone previously bought this car and returned it for a serious reason because on the sticker there are 18,886 miles on it and at the time of our purchase there was 20,082 miles on it.

These loan terms are outrageous!

Consumer in Bakersfield, CA, wrote:

[The] dealer told me I had 12 payments of \$308.00 for a 2003 Toyota Tacoma when I got home the contract said 60 payments of \$308.00 . I had a 1999 Toyota 4-Runner TOTALLY PAID FOR AS a trade in. I was lied to, totally ripped off...

Consumer in Hesperia, CA, wrote:

They took our money knowing that we would not have been financed at what our original contract was. We signed the contract thinking that this is what our finance percentage rate was and our monthly payment was going to be until the truck was paid off. They ripped us off and sold my trade in before we were financed by a loan company. Isn't that illegal?

Can they really pull my credit report without telling me?

Consumer in Chula Vista, CA, wrote:

My Driver's License was requested when we began to sign papers, on the pretext that "I would be driving the car before it was paid for" (I was paying cash, but I did not reveal that right away. I a very few minutes the man returned smiling, saying I had an excellent credit record. I said "How did you get it so fast?" He said, "Oh, we have ways." I believe it is against the law to obtain one's [drivers' license] without revealing that it will be used for credit search without telling the owner.

Consumer in Laguna Hills, CA, wrote:

I planned to pay cash. When I went into the finance office, expecting to fill in the check I was told I could qualify for a loan at 1.9% simple interest. I said I didn't want them to check my credit because I was going to apply to refinance my condo, and each query lowered the credit score. I was told they already had the credit report, had gotten it based on my driver's license. I was shaken.

Something free for shoppers? Not exactly.

Consumer in Berkeley, CA, wrote:

We were told by the supervisor of the salesman that if we purchased our car from [this dealership] that all servicing performed at [the dealership's service department] and parts purchased [through them] would be at a 10 percent discount, [that] we would be assigned to a special Gold Team. The mechanics had never heard of such a thing when we brought the car in for servicing and the parts department refused a discount on items purchased there.

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.