

Repossession in Auto Finance



Consumer Financial
Protection Bureau

Table of contents

Table of contents.....	1
Executive Summary	2
1. Introduction.....	5
2. Repossession trends	7
2.1 Repossession Assignments.....	7
2.2 Voluntary Repossession	9
2.3 Completed Repossessions	10
2.4 Redemption	11
2.5 Deficiency Balance	13
3. Timing of Repossession Completion.....	15
4. Repossession Costs	16
4.1 Repossession Fees	17
4.2 Disposal Fees	17
5. Repossession Forwarders	19
6. Conclusion	22
Appendix A:	23
Dataset Background	23

Executive Summary

Outstanding auto loan balances totaled more than \$1.64 trillion through the third quarter of 2024, representing over 100 million active auto finance accounts¹ and \$63 billion in new monthly originations as of April 2024.² Despite auto loans being one of the largest sources of consumer credit outside of mortgage lending, detailed information about the auto finance market is limited.³

In February 2023, the CFPB launched the auto finance data pilot, issuing nine market monitoring orders to three banks, three finance companies, and three captive lenders⁴ to provide information about their auto lending portfolios. The orders requested data regarding accounts originated or with servicing activity from January 1, 2018 through December 31, 2022. For accounts originated prior to 2018 with servicing activity during the 2018-2022 period, lenders were asked to provide key data from loan origination. This is the second report examining the data collected from the auto finance data pilot. The first report provided findings on negative equity.⁵

While some estimates of repossession volume exist, currently available data do not provide detailed information on repossessions. As with foreclosures and evictions, repossessions are extremely disruptive because the consumer may lose access to their vehicle, which may also prevent the consumer from getting to work; the consumer may still be required to repay any outstanding balance from the loan plus fees associated with the repossession; or the consumer may see a negative impact to their credit score. However, the level of available data on repossessions is significantly less compared to other credit markets. These data provide insights

¹ <https://www.newyorkfed.org/microeconomics/hhdc>. These estimates (which are derived from credit bureau data) do not include auto loans that are not furnished to the credit bureaus; see https://files.consumerfinance.gov/f/documents/cfpb_subprime-auto_data-point_2021-09.pdf

² <https://www.consumerfinance.gov/data-research/consumer-credit-trends/auto-loans/>

³ <https://www.consumerfinance.gov/about-us/blog/our-auto-finance-data-pilot/>

⁴ Captive lenders are manufacturer-owned finance companies that frequently provide below-market interest rate loans or other incentives to consumers. Some banks also operate as quasi-captive preferred lenders on behalf of certain manufacturers.

⁵ CFPB, *Negative Equity in Auto Lending* (June 2024), see: <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-negative-equity-findings-from-the-auto-finance-data-pilot/>

into a sample of the market, and while the dataset can illuminate key trends, these findings may not necessarily be indicative of overall industry activity.⁶

This dataset provides insight into an area of the market for which limited publicly available data exists. The dataset provides a measure of the impact of the COVID-19 pandemic on auto loan servicing and repossession practices. Further, this data provides more detail into how vehicle price increases stemming from COVID-era supply chain disruptions may have impacted consumers post-repossession.

Key findings from the data include:

- **Repossession assignments surpassed pre-pandemic levels in 2022.** In December 2022, 0.75 percent of all outstanding loans were enough days past due that the lender assigned the vehicle to a third party for repossession, referred to as “repossession assignments” later in the report. This represents a 22.5 percent increase from the December 2019 level of 0.61 percent.
- **The share of repossession assignments completed decreased in 2022 compared to 2019.** In September 2022, which is the last month for which we have full information about the outcome of a repossession assignment⁷, 27 percent of accounts assigned to repossession were completed, a decrease from the completion of 38 percent of repossession assignments when compared to September 2019.
- **The use of third-party repossession and recovery management services (referred to as “repossession forwarders” later in this report) by lenders in the dataset increased from 31 percent at the beginning of the data collection in January 2018 to 66 percent at the end of the data collection in December 2022.** Outside a spike during the pandemic, use of repossession forwarders peaked at 69 percent in October 2022. Average repossession costs charged to consumers in the dataset were higher when a forwarder was used.
- **Consumers in 2021 were more likely to make payments sufficient to regain possession of their vehicle after a repossession had occurred (referred to in this report as “repossession redemption”) than consumers did pre-pandemic, but**

⁶For an overview of the data, a sample order, the data validation process, and data statistics, see the appendices in <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-negative-equity-findings-from-the-auto-finance-data-pilot/>

⁷ We chose to end our analysis of repossession assignment outcomes in September 2022 because we did not have full visibility into the outcomes of repossessions assigned in the last quarter of 2022. In the dataset, about 96 percent of repossession completions occurred within the three months following the repossession assignment. Therefore, we believe that these figures are representative of the overall trend.

the level fell throughout 2022 as used car values declined. Thirty-four percent of repossessions completed in December 2021 were redeemed, an increase from 25 percent in December 2019. Redemptions fell to 30 percent by November 2022., which is the last month for we have complete data on redemptions.

- **Average outstanding balances for consumers with outstanding balances on their accounts after a vehicle was repossessed and sold by the lender were rising prior to 2020, then fell as used car prices increased post-pandemic (referred to later in this report as “deficiency balance”).** Average deficiency balances among consumers with a deficiency balance in December 2019 were \$10,747 but fell to \$7,971 by December 2021 as used car prices increased. The average deficiency balance sharply increased throughout 2022. By December 2022, the average deficiency balance surpassed non-inflation adjusted 2019 levels at \$11,340.

1. Introduction

Repossession occurs when a borrower falls behind on payments or some other breach of the finance contract or loan agreement occurs, and the lender takes steps to recover the vehicle. Auto repossession is a key indicator of the health of the auto finance market and is an area of potentially significant consumer risk. However, publicly available data on repossessions are limited. The most widely cited data⁸ on repossessions are an annual estimate drawn from auction sales of repossessed vehicles. While useful, a focus on the overall number of repossessions risks missing key trends affecting certain sectors of the market that would otherwise go unnoticed.

Currently available data, such as those provided in credit reporting data, provide some insight into consumers' transition between delinquency stages and into a likely repossession. However, once the borrower enters post-delinquency status, limited market-wide data exist to measure what happens with the account.

Trends in how and when repossessions are carried out also provide valuable insight into the auto finance market. The use of repossession forwarders, their impact on the cost of repossession, and the potential consumer risks associated with their use are not fully understood. We also note here that while lenders were asked if they used a starter interrupt and/or global positioning system (GPS) device or devices⁹ to facilitate repossessions, none of the lenders in this dataset reported using them. As such there is no discussion of the use of those devices in this report.

We note here certain limitations in the repossession data received.¹⁰ The orders requested that, for accounts serviced between 2018 and 2022, recipients provide information for all repossession assignments and for all completed repossessions. However, one lender only retained information for the most recent repossession assignment and completion if the account had been assigned to

⁸ <https://www.coxautoinc.com/news/september-2024-muvvi/> at 41.

⁹ Starter interrupt devices prevent a consumer from starting a vehicle after missed loan payments. Further, some starter interrupt devices provide an audible signal to consumers that a payment is late. A GPS device tracks the location of the car and can be used to locate a vehicle eligible for repossession. GPS devices can be used in connection with a starter interrupt device or can be used independently.

¹⁰ For a full description of the data used in this report, see Appendix A of our prior report from the auto finance data pilot on negative equity <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-negative-equity-findings-from-the-auto-finance-data-pilot/>.

repossession more than once. This lender represents a small fraction of the total accounts assigned to repossession at least once.¹¹

Additionally, some lenders did not retain detailed information for repossession assignments that were later cancelled. For these accounts, lenders identified that a repossession assignment was cancelled but did not retain information on the status of the account at the time of assignment, such as the repossession assignment date or days past due at repossession assignment. As such, there may be certain details of repossession activity that are not captured in this report.

¹¹ For the eight lenders in the data that provided data on every repossession, 54 percent of their accounts assigned to repossession were assigned to repossession only once. We assume that the lender that only provided data for the last repossession likely behaved similarly, meaning that we assume just under half of the accounts assigned to repossession for that lender had at least one additional repossession. As such, we believe that the current dataset marginally undercounts the total number of repossessions, with a slight bias towards repossessions that occurred earlier in the data collection since earlier repossession activity would be more likely to be written over for more recent activity.

2. Repossession trends

2.1 Repossession Assignments

Repossession assignments occur when lenders indicate to a repossession agent or a repossession forwarder (repossession forwarders are discussed in more detail later in this report) that a vehicle is eligible to be repossessed. Repossession assignments may not ultimately end in repossession.

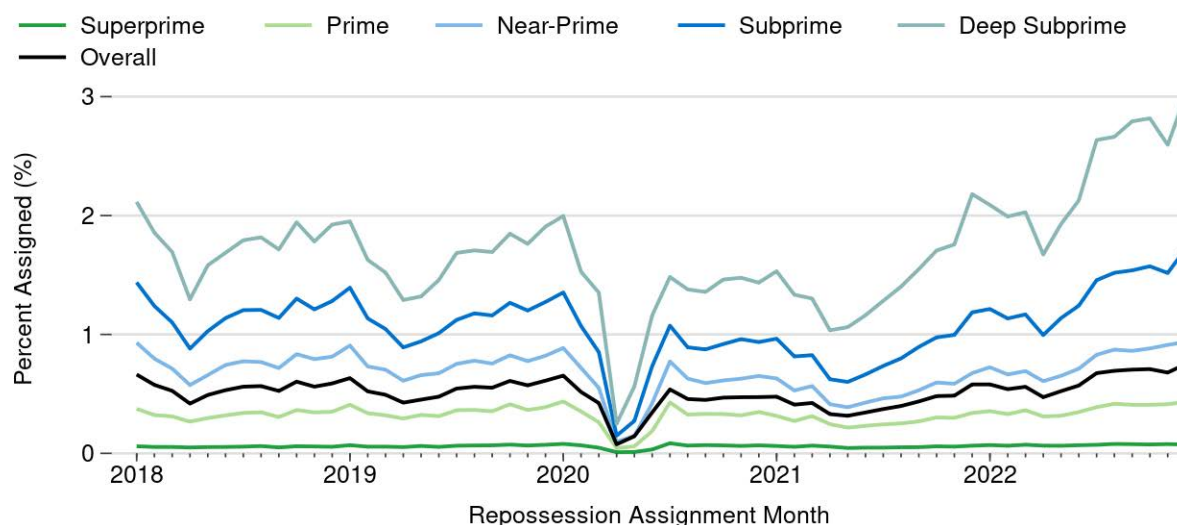
We again note that not all lenders in the cohort provided information on the date of repossession assignment. In our analysis of repossession assignment or completion trends that rely on repossession assignment date over time, we do not include accounts for which no repossession date was provided. Repossession assignments without dates represent about five percent of repossession assignments in the dataset but are mostly clustered in the prime and near-prime credit tiers. We therefore expect that levels of repossession activity in the dataset over time may have been higher than we report.

Figure 1 measures repossession assignments¹² as a percentage of open accounts.¹³

¹² Analysis of repossession data includes each instance of repossession, including multiple repossessions for accounts that had multiple instances. As stated earlier and as noted in footnote 11, one lender provided only the most recent instance of repossession, and as such these figures may marginally understate the number of repossessions that occurred, especially for the beginning of the period.

¹³ The data presented in this report are based on accounts that are open and actively being serviced by lenders. In the dataset, superprime accounts represent approximately 50 percent of open accounts, prime accounts represent approximately 19 percent of open accounts, near-prime accounts represent approximately 11 percent of open accounts, subprime accounts represent approximately 9 percent of open accounts, deep subprime accounts represent approximately 10 percent of open accounts, and accounts without a credit score represent 2 percent of open accounts.

FIGURE 1: PERCENTAGE OF OPEN ACCOUNTS ASSIGNED TO REPOSSESSION



Source: CFPB auto finance data pilot

Note: This figure omits two lenders with missing data for assignment date.

Throughout 2018 and 2019, in an average month 0.54 percent of open accounts were assigned to repossession. After the pandemic-related decrease in assignments in early 2020, repossession assignments decreased as a percentage of open accounts through the end of 2020 and into the beginning of 2021. Through most of 2021 and all of 2022, an increasing percentage of accounts were assigned to repossession, ending 2022 at 0.75 percent of open accounts¹⁴.

Of note, the percentage of accounts for consumers with deep subprime credit scores assigned to repossession in 2018 and 2019 ranged from 1.3 to 2.1 percent of all open accounts. In April 2020, that percentage dropped to 0.2 percent but returned to 1.5 percent in July 2020. That percentage reached 1.3 percent in March 2021, and after a slight drop April 2021 rose to 3 percent by December 2022.

The percentage of accounts assigned to repossession for consumers with subprime credit scores ranged from 0.9 to 1.4 percent in 2018 and 2019. That percentage dropped to 0.1 percent in April

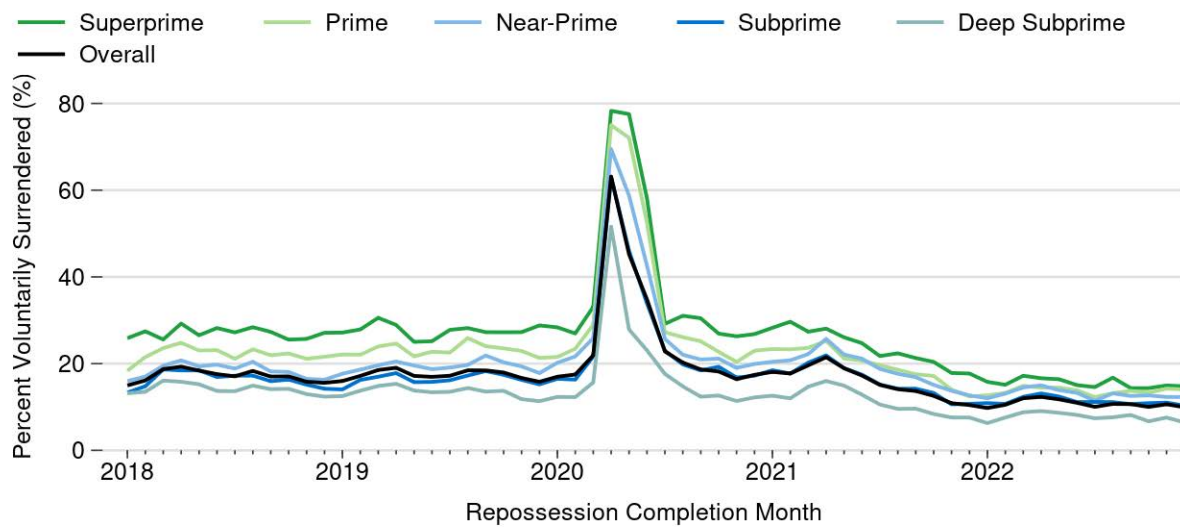
¹⁴ As noted earlier, one lender only retained data for the most recent repossession assignment. The growth in 2021 and 2022 in Figure 1 was primarily driven by lenders who reported data for every repossession assignment for the account, not just the most recent one. The increase seen in 2021 and 2022 were not a result of lenders erasing earlier repossessions, but representative of an overall increase in repossession activity. Based on our analysis of the data, this finding is not significantly affected by the missing repossession assignment information from one lender.

2020 and returned to 1.1 percent in July 2020. After a slight drop in April 2021, the percentage of accounts assigned to repossession rose to 1.7 percent by December 2022.

2.2 Voluntary Repossession

Some consumers voluntarily surrender the vehicle to the lender after falling behind on their payments or when notified that their vehicle is subject to repossession. Figure 2 shows the percentage of total completed repossessions¹⁵ that were noted in the data as voluntarily surrendered.¹⁶

FIGURE 2: PERCENTAGE OF COMPLETED REPOSSESSIONS REPORTED AS A VOLUNTARY SURRENDER BY CREDIT SCORE



Source: CFPB auto finance data pilot

Voluntary repossessions represented between 15 and 19 percent of all completed repossessions in 2018 and 2019. In early 2020, voluntary surrenders spiked to 63 percent of completed repossessions. We note that during this time the number of completed repossessions dropped

¹⁵ Across the dataset, superprime accounts represent six percent of completed repossessions, prime accounts represent 14 percent of completed repossessions, near-prime accounts represent 18 percent of completed repossessions, subprime accounts represent 22 percent of completed repossessions, and deep subprime accounts represent 39 percent of completed repossessions.

¹⁶ The orders requested that lenders identify repossession assignments deemed voluntary surrenders. Unless otherwise noted, we include voluntary surrenders in our analysis of repossession data.

dramatically, and as such we note that increase in the percentage of voluntary surrenders is likely more a reflection of an overall decline in the number of involuntary repossessions rather than an increase in the total number of voluntary surrenders.

From late 2020 into early 2021, the percentage of voluntary repossessions returned to pre-2020 levels. In mid-2021 the percentage of voluntary repossessions dropped below pre-2020 levels and remained at approximately 10 percent of completed repossessions through the rest of 2021 and 2022.

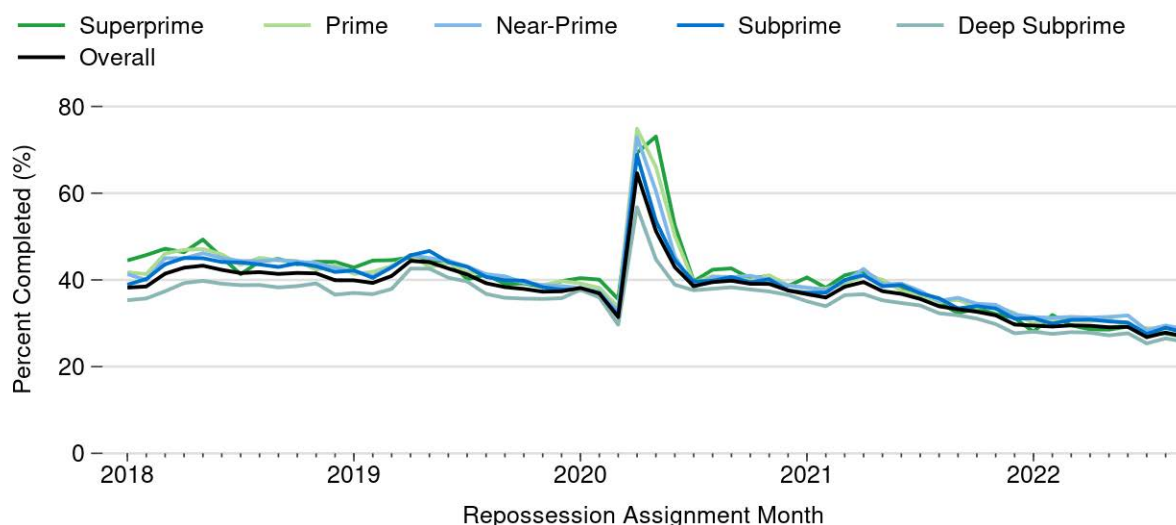
Figure 2 also shows that completed repossessions for consumers with superprime credit scores were more likely to be voluntary when compared to consumers with subprime credit scores. Voluntary repossessions for consumers with superprime credit scores ranged from 25 percent to 31 percent of completed repossessions in 2018 and 2019. After a spike to 78 percent of completed repossessions in April 2020, voluntary repossessions for consumers with superprime credit scores ranged from 14 to 18 percent of completed repossessions between November 2021 and the end of 2022.

In contrast, voluntary repossessions for consumers with subprime credit scores ranged between 13 and 19 percent of completed repossessions in 2018 and 2019. Following a similar 2020 spike, voluntary repossessions were between 10 and 13 percent of all repossessions from November 2021 through the end of 2022.

2.3 Completed Repossessions

In Figure 3 we look at the percentage of assigned repossessions completed by credit tier. Prior to 2020, lenders in the dataset completed 41 percent of all repossessions assigned in an average month. Within all credit tiers, and consistent with overall repossession trends in this dataset as discussed earlier in the report, the percentage of completed repossessions spiked in April 2020 due to the high number of voluntary repossessions that month. By the beginning of 2021, the percentage of completed repossessions for all credit tiers returned to pre-pandemic levels before experiencing a general decline through 2021 and 2022, with 27 percent of repossession assignments completed in September 2022.

FIGURE 3: PERCENTAGE OF REPOSSESSION ASSIGNMENTS COMPLETED BY BORROWER CREDIT TIER



Source: CFPB auto finance data pilot

Note: This figure omits two lenders with missing data for assignment date.

2.4 Redemption

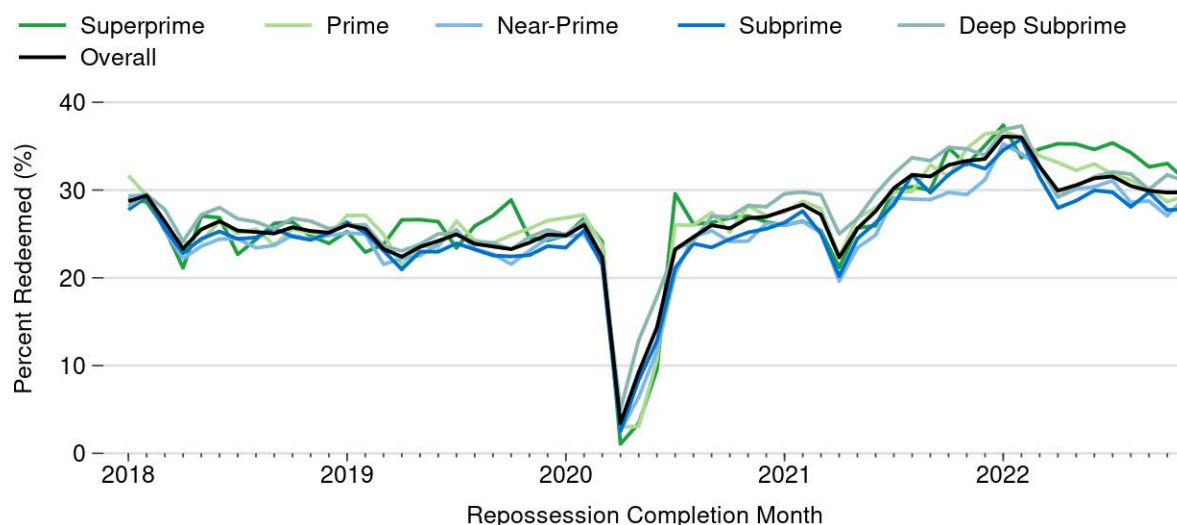
After the vehicle is repossessed and the lender takes custody of the vehicle, consumers are generally provided an opportunity to redeem¹⁷ the repossessed vehicle prior to disposal. In order to redeem the vehicle, the consumer is generally required to repay any outstanding balance on the loan plus any costs associated with the repossession (which are discussed in greater detail later in this report).

Figure 4 measures the percentage of completed repossessions that were redeemed. For all figures discussing the percentage of completed repossessions later redeemed, we do not show information for December 2022 since some of these repossessions may have been redeemed in 2023 and would therefore not be fully captured in our dataset.¹⁸

¹⁷ As noted earlier, redemption is a process in which a consumer makes a payment sufficient to result in the consumer regaining possession of the vehicle. In some instances, the consumer is allowed to reinstate the loan, which may require the consumer to pay the past due balance and fees. The orders asked lenders to identify accounts in which the vehicle was redeemed, and as such the dataset does not specifically measure reinstatement.

¹⁸ Over 95 percent of redemptions in our dataset occurred within the first 30 days of repossession completion.

FIGURE 4: PERCENTAGE OF COMPLETED REPOSSESSIONS REDEEMED BY CREDIT TIER



Source: CFPB auto finance data pilot

The percentage of redeemed repossessions prior to 2020 was relatively steady and within a band between 22 percent and 29 percent of all completed repossessions between January 2018 and March 2020. In early 2020, the percentage of redeemed repossessions dropped to 3 percent before returning to pre-pandemic levels through the middle of 2020 into early 2021. Redemption percentages rose above 30 percent for the rest of 2021 and early 2022 before declining to slightly above pre-2020 levels.

This figure shows that percentage of redeemed repossessions for all credit tiers was fairly tightly grouped, but from mid-2020 until the end of 2021 consumers with deep subprime credit scores had redemption percentages slightly higher than other credit tiers. An increase in the percentage of redeemed repossessions for all consumers started in early 2021 and peaked in late-2021 before retreating to slightly above pre-2020 levels. The same trend held when analyzed by borrower income at origination.

2.5 Deficiency Balance

At the end of the repossession process, if the car is not otherwise redeemed the lender typically disposes of the vehicle.¹⁹ If the disposal is done through a sale, lenders are generally required to use a commercially reasonable process, which for many lenders is through an auction. If the net proceeds of the sale do not cover the full amount owed to the lender and any costs associated with the repossession of the vehicle, including costs to clean and/or repair the vehicle ahead of resale, and/or costs related to the disposal of the vehicle, the result is a deficiency balance that the consumer may be required to repay. If the consumer cannot or does not pay the deficiency balance charged, a lender may decide to pursue the balance through formal collections processes and/or report the unpaid balance to a credit bureau. If the net proceeds of the sale of the vehicle exceed the amount owed to the lender, the result is a surplus that is generally required to be returned to the consumer.

In this section, we explore trends in deficiency balances. We do not report on deficiencies for January 2018, as some lenders did not include deficiency balance information for repossessions that were completed prior to our data collection even if the disposal occurred just after the start of 2018. Additionally, we exclude from our analysis disposals where lenders marked the existence of both a deficiency balance and a consumer surplus.²⁰

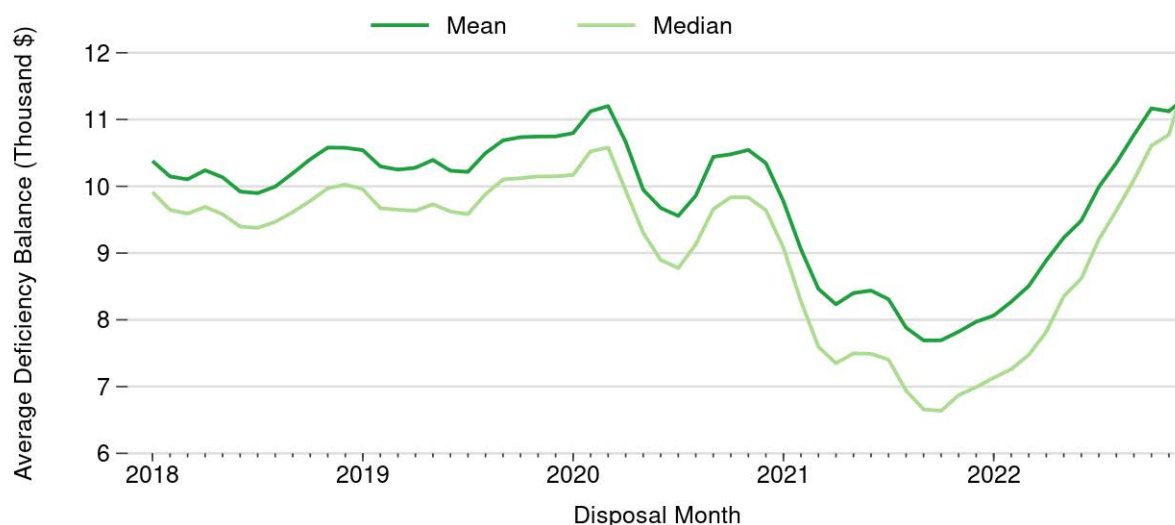
Of the 905,000 disposals in the dataset, 94 percent ended with a deficiency balance. In early 2020, at the same time as the overall drop in the number of repossessions, the share of disposals ending with a deficiency balance also dropped.

The share of disposals with deficiency balances rose from early 2020 through early 2021, dropping over the course of 2021. The drop during 2021 is consistent with the rise in used car prices over that time. The percentage of disposals with a deficiency balance dropped to 83 percent of all disposals in November 2021. As used vehicle prices decreased, the total number of repossessions with a deficiency balance rose by the end of 2022, at which time 95 percent of disposals resulted in deficiency balances.

¹⁹ A lender did not indicate whether the vehicle was redeemed or disposed of for three percent of repossessions completed between 2018 and 2022 in the dataset. The completed repossession for nearly half of these instances occurred in the last five months of 2022, suggesting that the final disposition of the repossessed vehicle was likely undetermined at the time of the data collection.

²⁰ This represents 0.1 percent of disposals in the dataset.

FIGURE 5: AVERAGE BALANCE OF REPOSSESSION DISPOSALS WITH A DEFICIENCY BALANCE



Source: CFPB auto finance data pilot

Note: This figure omits one lender with missing data for deficiency balance prior to 2020.

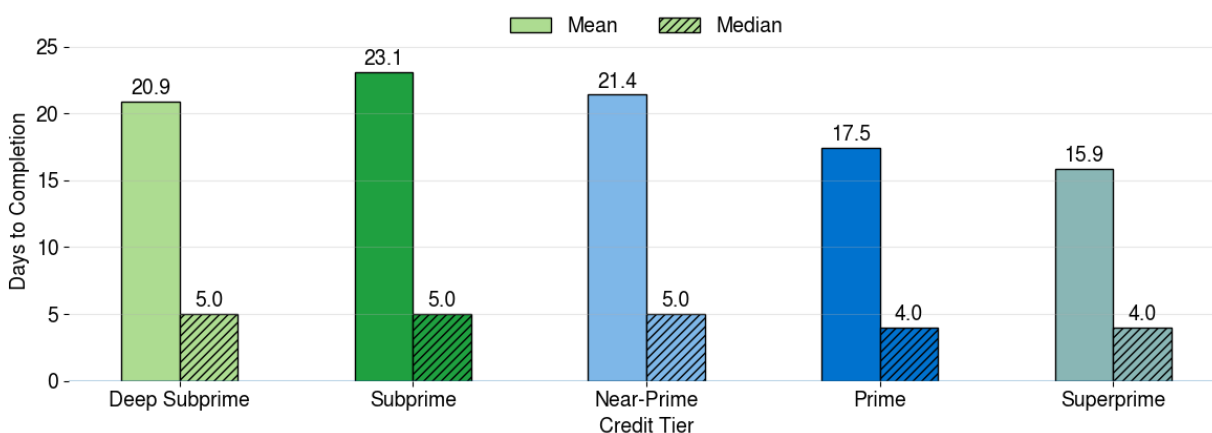
Figure 5 shows the mean and median deficiency balances for accounts with a deficiency balance. Pre-2020, the data showed that mean deficiency balances were generally rising. The mean deficiency balance among accounts with a deficiency balance rose 13 percent from its low point of \$9,897 in July 2018 to \$11,201 in March 2020. Mean deficiency balances among accounts with a deficiency balance fell in early 2020, then grew through the remainder of 2020 and in early 2021. In connection with the rise in used car prices, the mean deficiency balance for accounts with a deficiency balance fell 27 percent from \$10,544 to \$7,692 between November 2020 and September 2021. Mean deficiency balances rose 47 percent from their low point in September 2021 to \$11,340 at the end of 2022.

The median deficiency balance generally tracked lower than the mean. Median deficiency balances among accounts with a deficiency balance fell from \$9,833 in November 2020 to \$6,660 in September 2021, and then rose again to \$11,620 by December 2022.

3. Timing of Repossession Completion

Figure 6 shows the mean and median number of days between repossession assignment and completion. This figure shows a difference in the mean and median days between repossession assignment and repossession completion in the dataset, suggesting that some repossessions in the data took a relatively long time to complete. The average number of days between repossession assignment and completion ranged from 15.9 days for consumers with superprime credit scores to 23.1 days for consumers with subprime credit scores.

FIGURE 6: AVERAGE NUMBER OF DAYS BETWEEN ASSIGNMENT AND COMPLETION FOR COMPLETED REPOSSESSIONS



Source: CFPB auto finance data pilot

Note: This figure omits one lender with missing data for assignment date. Unlike other figures which omit two lenders, this figure can include the lender that is only missing assignment date for canceled repossessions.

We also looked at whether voluntary repossession affected the analysis. The mean days to completion are two to four days longer and median days to completion are one day longer when voluntary repossessions are excluded from the analysis.

4. Repossession Costs

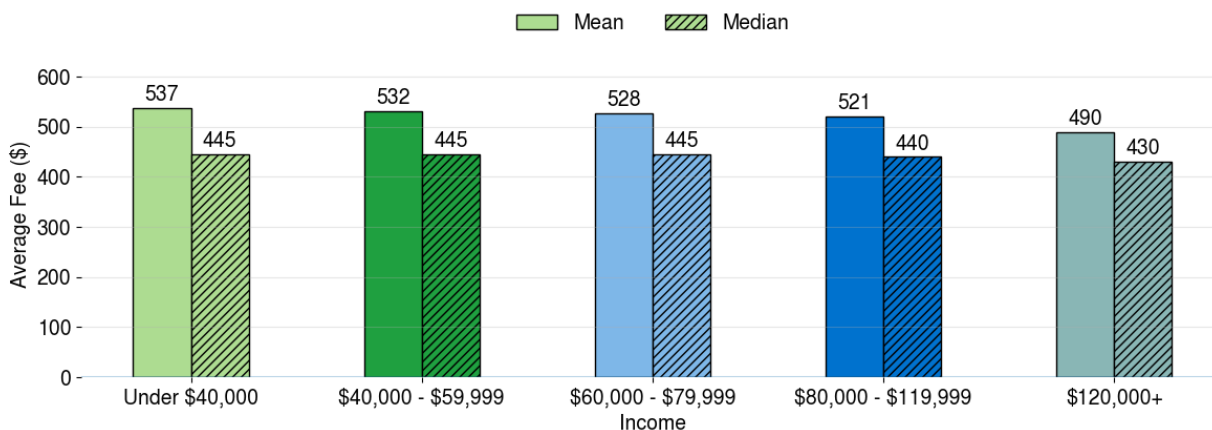
When a repossession is completed, lenders generally charge consumers for the costs incurred from the repossession process. Costs charged to consumers in a repossession can include (but are not limited to) vehicle recovery, towing fees, costs for use of a flatbed tow truck or specialized equipment to tow certain vehicles without damaging them, storage fees, fees for securing and storing personal property, attorney fees, or other fees. The analysis covers vehicle disposal fees that occur after repossession separately from fees incurred during the repossession.

We note for this analysis that some lenders reported that they charge a flat fee to consumers regardless of the amount agents or forwarders billed to the lender. In this analysis, the amount lenders reported as actually charged to consumers is reflected. Other lenders did not report an itemized list of the different repossession-related fees charged to the consumer, but they did provide the total amount they charged to the consumer. As such, the analysis included in this report is confined to the total amount reported as charged to consumers in the dataset and does not analyze these fees individually.

Additionally, we removed the top one percent of repossession fees and removed accounts where repossession fees were reported as negative to guard against outlier data. Finally, one lender could not provide data for all years requested, and as such that lender's data is excluded from the analysis of repossession fees and costs.

4.1 Repossession Fees

FIGURE 7: MEAN AND MEDIAN REPOSSESSION FEES CHARGED TO CONSUMERS BY INCOME



Source: CFPB auto finance data pilot

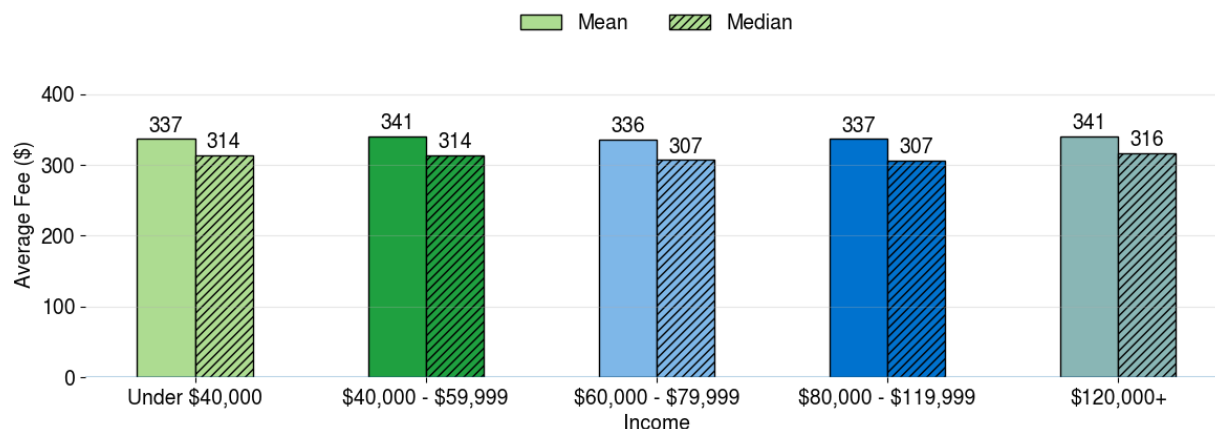
Note: This figure omits one lender with missing data for repossession fees prior to 2020.

In Figure 7, we see that mean and median repossession fees charged to consumers across income levels were generally similar. However, we note that mean and median fees charged to consumers in the highest income group are lower. Analysis by credit score showed that consumers with higher credit scores generally had lower average fees than those charged to consumers with lower credit scores.

4.2 Disposal Fees

As discussed above, once a lender has taken possession of a vehicle through repossession and the vehicle was not redeemed or otherwise regained by the consumer, the lender generally disposes of the vehicle through auction or other sale. The lender may charge the consumer for any fees associated with the disposal of the vehicle.

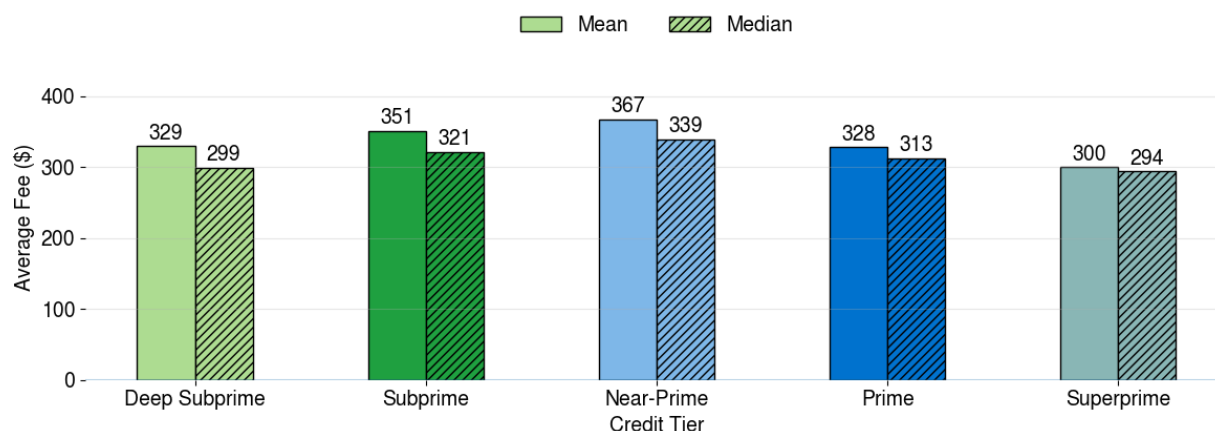
FIGURE 8: MEAN AND MEDIAN DISPOSAL FEES CHARGED TO CONSUMERS BY INCOME



Source: CFPB auto finance data pilot

Note: This figure omits one lender with missing data for disposal fees prior to 2020.

FIGURE 9: MEAN AND MEDIAN DISPOSAL FEES CHARGED BY CREDIT TIER



Source: CFPB auto finance data pilot

Note: This figure omits one lender with missing data for disposal fees prior to 2020.

Figures 8 and 9 show that the mean and median repossession disposal fees charged to consumers were consistent across income levels, but not across credit tiers. Consumers with near-prime credit scores in our data were charged higher fees than consumers in other credit tiers with a mean of \$367 and a median of \$339. Consumers with prime and deep subprime credit scores had similar mean disposal fees. Consumers with superprime credit scores were charged the lowest average disposal fees, with mean of \$300 and a median of \$294, 18 percent and 13 percent lower than consumers with near-prime credit scores, respectively.

5. Repossession Forwarders

In the past, lenders generally directly managed relationships with repossession agents who, for a fee, found and took possession of vehicles on behalf of a lender in the repossession process. Third-party repossession forwarding companies emerged, offering to manage the repossession process and relationships with repossession agencies for lenders instead. Anecdotal evidence suggested that the use of repossession forwarders has grown, but publicly available data measuring their use and the potential impacts of that shift were missing.

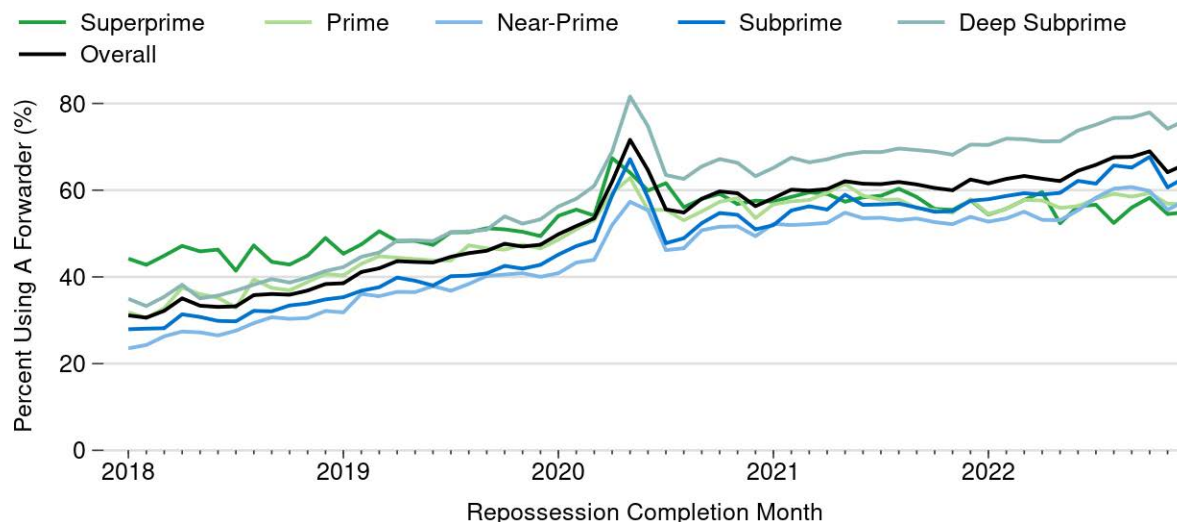
The use of forwarders is generally touted as a means for lenders to outsource the management of repossession assignments and repossession agents, and as a way for lenders to reduce their costs in doing so. However, the use of forwarders also creates potential consumer and lender risk. Inserting a third-party intermediary into the process adds an additional layer of communication that must be managed effectively. If a borrower takes a last-minute step to avoid repossession (such as catching up on missed payments or negotiating an accommodation), the lender notifies the forwarder rather than communicating directly with the agent. The forwarder must then ensure the repossession agent is promptly notified to avoid a wrongful repossession. This same dynamic may also affect communications from a repossession agent back to the lender.

With this dataset, we explore the use of repossession forwarders and take a deeper look into whether any differences existed between repossessions involving forwarders versus repossessions in which the lender worked directly with the repossession agent.²¹

Figure 10 illustrates the use of repossession forwarders for lenders in this dataset.

²¹ The auto finance data pilot includes data on forwarder use only in completed repossessions; therefore, all our analysis with respect to forwarders is limited to only completed repossessions. A lender may have used a forwarder in connection with a repossession that was not completed, and that use would not be measured here. One lender did not report whether or not they used forwarders; therefore, we removed that lender from this analysis.

FIGURE 10: PERCENTAGE OF COMPLETED REPOSSESSIONS IN WHICH A REPOSSESSION FORWARDER WAS USED BY MONTH

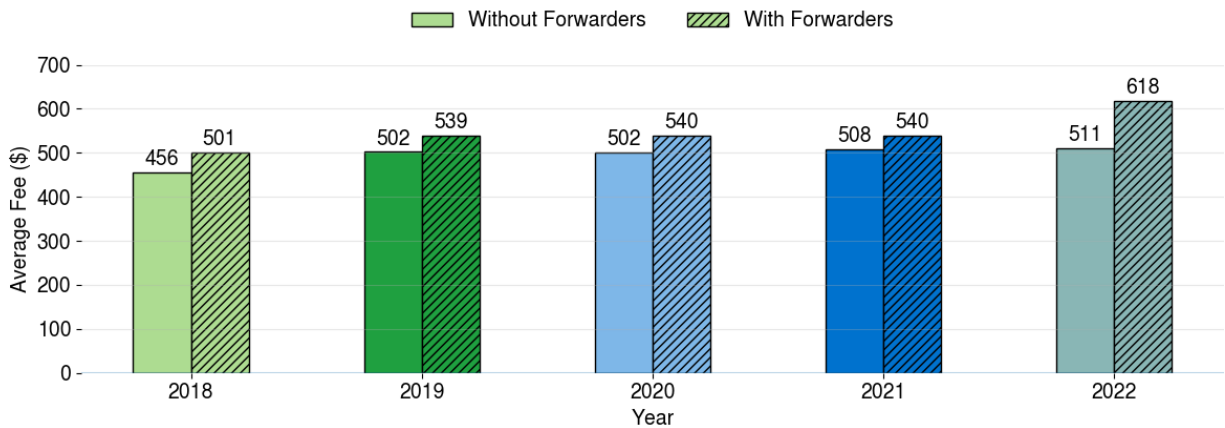


Source: CFPB auto finance data pilot

Note: This figure omits one lender with missing data for forwarder use.

Figure 10 shows that forwarder use rose from 31 percent of all completed reposessions in early 2018 to over 50 percent of completed reposessions in February 2020. Completed reposessions using a forwarder showed a sharp increase in mid-2020. After that spike, repossession forwarder use rose from 55 percent in August 2020 to 69 percent of all completed reposessions in October 2022 before falling into the mid-60 percent range by December 2022.

FIGURE 11: AVERAGE REPOSSESSION FEES CHARGED TO CONSUMERS WITH AND WITHOUT FORWARDER USE



Source: CFPB auto finance data pilot

Note: This figure omits one lender with missing data for forwarder use and a second lender with missing data for repossession fees prior to 2020.

In Figure 11, we see that over time average repossession fees charged to consumers in connection with completed repossessions carried out using a forwarder were higher than those carried out without the use of forwarders.

6. Conclusion

The auto finance data pilot dataset provides an unprecedented view into repossession compared to what publicly available data currently provide. The data show that repossession assignments increased for certain consumers post-2020, but that many consumers avoided repossession in parts of 2021 and 2022. The data show that, for lenders in the dataset, repossession forwarders were increasingly involved in repossession activity and that repossessions carried out through forwarders may have resulted in increased repossession costs passed on to consumers.

Our previous report on negative equity²² showed the potential downside of decreasing used car prices for consumers. We note that the data in this report indicate that deficiency balances rose significantly in 2022 as car prices declined in value. While decreasing prices are a benefit to current buyers, those consumers with loans on vehicles with higher-than-average depreciation may find themselves with a larger unpaid balance relative to their vehicle value than they might expect.

The data provide insight into the timing of repossessions after missed payments, information that up to now was not readily publicly available. All of these attributes of repossession have potential impacts on consumer risk, and a fuller understanding of the contours of repossession is a step toward assessing the potential risk.

²² Consumer Financial Protection Bureau, *Negative Equity in Auto Lending* (June 2024). See <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-negative-equity-findings-from-the-auto-finance-data-pilot/>

APPENDIX A:

Dataset Background

After extensive consultation with market participants, staff at fellow regulatory agencies and the Federal Reserve System, market analysts, and consumer researchers and advocates, the CFPB launched the auto finance data pilot²³ in February 2023. As noted at the launch of the pilot, complete and comprehensive auto lending analyses are challenging due to variations within existing data. Of note:

- The variety of lender types in the auto finance market can lead to data gaps. For example, depository institutions are required to submit regular call reports about their activities, while non-depository institutions do not have that same requirement.
- The use of different definitions and terms within various data sources can lead to data quality issues. For example, data providers may use different credit score cutoff points when defining credit score tiers (superprime, prime, subprime, etc.). When data sets use different thresholds and data buckets, analysis across datasets is exceedingly difficult or, in some cases, impossible.
- Several data sources are proprietary and/or only available to certain market participants, and certain providers will not sell or otherwise provide their data to regulatory agencies. Some data sets, even when publicly available, are only useful to individual market participants or small segments of the industry.

The combined auto finance data pilot dataset includes certain de-identified information for just over 33 million loan originations from 2018 to 2022²⁴, including terms, fees, balances, and information on individual servicing events for each loan (if they occurred).²⁵

²³ <https://www.consumerfinance.gov/about-us/blog/our-auto-finance-data-pilot/>.

²⁴ According to the CFPB Consumer Credit Information Panel, 226 million auto finance accounts were serviced in the full market during this period. As such, the auto finance data pilot dataset represents approximately 14.6 percent of the total auto finance market during the 2018-2022 period.

²⁵ The data elements collected for inclusion in the dataset are identified in the Sample Order at Appendix B of our previous report from the auto finance data pilot on negative equity <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-negative-equity-findings-from-the-auto-finance-data-pilot/>. The CFPB is required by statute to take steps to protect the personal information of consumers. This data collection was crafted to ensure that no directly identifiable information—such as name, address, or social security number—was collected.