NEWS RELEASE

Attorney General Mike Hilgers

FOR IMMEDIATE RELEASE
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Attorney General Hilgers Joins $694 Million Multistate Settlement with Subprime Auto Lender Credit Acceptance Corporation

Lincoln – Attorney General Mike Hilgers announced that Nebraska, along with the attorneys general for 40 other states, has entered into a settlement with Credit Acceptance Corporation (CAC) providing $694 million in cash and debt relief to consumers in connection with their car loans. Nebraska will receive $124,236.18 from the settlement.

CAC is one of the nation's largest auto finance companies, providing car loans to consumers with limited or impaired credit histories. The settlement also includes injunctive terms that, among other things, require CAC to provide consumers disclosures about loan risks, give consumers protections from bad outcomes from certain risky CAC loans, and help guard consumers from dealers "packing" CAC auto-loan contracts with unwanted Vehicle Service Contracts (VSC) and Guaranteed Asset Protection (GAP) products.

The multistate investigation resolves allegations that CAC originated loans that the company knew or should have known consumers could not afford. CAC gives a proprietary "score" to each of its loans representing its prediction of the percentage amount CAC will collect on the loan from all sources. The attorneys general allege that consumers could not reasonably afford many of CAC's low "score" loans, including those where CAC predicted the consumer would not pay back even the loan's principal loan amount. Unsurprisingly, many of those low "score" loans resulted in consumers defaulting on their loans and losing their cars when they were repossessed and sold at auction.

The settlement provides $60 million in cash restitution that will be distributed to consumers to whom CAC gave particularly risky loans. For certain risky CAC loans made between November 1, 2015, and November 30, 2025, CAC is also required to provide, on or before November 2, 2026, $388,000,000 in debt relief to consumers whose cars have been repossessed, and $246,000,000 in debt relief to consumers whose cars have not been repossessed, allowing those consumers to keep their cars. CAC must also pay an additional $15 million to the attorneys general.

The settlement's injunctive terms include the following long- and short-term requirements designed to meaningfully reform the company's lending practices:

- For consumers with certain risky CAC loans that CAC made starting in December 2025, CAC will provide "off ramps" for loans that fail quickly. Qualifying consumers will get 95% debt relief, and CAC is prohibited from filing collections lawsuits against them. CAC must provide these off ramps for a five-year period starting on November 2, 2026.
- The settlement mandates a process to prevent unlawful VSC and GAP product packing, including enhanced pre-purchase disclosures, a post-purchase process alerting consumers about the purchase(s) and allowing easier product cancelation, and dealer monitoring.
- CAC must provide consumers with pre-loan disclosures about the risks of default and the value of the vehicle.
- For seven years, CAC must institute a price cap for vehicle prices at 109% of retail book value for certain consumers.
- CAC must implement processes to prevent dealers from raising car prices due to credit worthiness or above advertised prices.

The Executive Committee leading the settlement comprises the attorneys general of Maryland, Arkansas, California, Illinois, Minnesota, and New Jersey. Joining the settlement are the attorneys general of Alabama, Alaska, Arizona, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaiʻi, Indiana, Kentucky, Louisiana, Maine, Michigan, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, and Wisconsin. New York is concurrently settling litigation it brought against CAC in the Southern District of New York.

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