February 16, 2026

The Honorable Elizabeth Warren
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

Dear Senator Warren:

Thank you for your February 4, 2026 letter. The American Financial Services Association (AFSA) appreciates the opportunity to respond to your inquiry and to provide information on the vehicle finance industry's repossession practices and the regulatory framework governing this sector.

I. AFSA and Industry Overview

AFSA was founded in 1916 and is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide responsible, affordable credit to consumers nationwide, and include national and regional banks, captive finance companies, and independent vehicle finance companies (collectively referred to hereafter as "vehicle finance companies"). All are subject to rigorous federal and state law and regulations, regular examinations, oversight, and enforcement by state and/or federal agencies.

The vehicle finance industry is a highly competitive and diverse market that includes national and state banks, finance companies, and credit unions. Such a competitive and diverse market ensures that consumers have a wide range of options to meet their vehicle financing needs. Hundreds of financial institutions offer vehicle financing; in 2024 no participant originated more than 10% of vehicle financing (purchase or lease for new or used vehicles).[1]

Vehicle financing is an important component of the American economy. Vehicle finance operations contributed an estimated $126 billion to the U.S. GDP in 2023, and the sector supports approximately 680,000 full-time equivalent jobs throughout the country. This activity generates an estimated $25 billion in tax revenue, comprised of $16.3 billion in federal taxes and $8.3 billion in state and local taxes.[2]

By enabling the purchase of a vehicle, the industry facilitates an even larger economic impact through a highly sophisticated supply chain, including vehicle manufacturers, dealers, wholesalers, parts and repair firms, and other entities across the United States. These impacts total an additional $532 billion contribution to U.S. GDP and support 3.6 million jobs.[3]

---

[1] Auto Finance News, *Big Wheels Auto Finance Data: Outstandings Ranking*, May 2025. https://www.autofinancenews.net/big-wheels-auto-finance-data/volume/outstandings-ranking/.
[2] Oxford Economics, *The Economic Impact of Vehicle Financing in the U.S.*, August 2025. https://www.caseforcredit.com/wp-content/uploads/2025/10/Oxford-Economics-The-Economic-Impact-of-Vehicle-Finance_Final.pdf.
[3] *Id.*

1750 H Street NW, Suite 650, Washington, DC, 20006 ▲ 202.296.5544 ▲ www.afsaonline.org ▲ @AFSA_DC

Moreover, these figures do not capture the full value of vehicle financing. Providing immediate access to the funds necessary to acquire a vehicle accelerates economic benefits, including customer access to education and employment opportunities, that otherwise might have been postponed to subsequent years. By enabling U.S. households' access to vehicles, financing promotes societal mobility, productivity, and economic efficiency.

Financing enables consumers to manage the often-large expense of acquiring a vehicle without delay. This allows individuals across income levels and credit risk tiers to acquire vehicles when needed, including in times of economic uncertainty. That is, financing facilitates "consumption smoothing," allowing consumers to manage their spending and savings and weather fluctuations in cash-flow. In addition, as vehicle finance companies usually report to credit bureaus, it helps consumers build credit.

II. Repossession: An Industry Last Resort

While AFSA and its member companies appreciate your interest in repossessions and your request for data, it is worth noting that in January 2025, the Consumer Financial Protection Bureau released a detailed report on vehicle repossessions (the "Report") that addresses many of the questions you raise and over the time period you reference.[4] We refer you to that report, along with other data sources, which we cite below to address or clarify points in your letter.[5]

Repossession of a vehicle is an outcome that neither consumers nor vehicle finance companies want. As you note, such actions are disruptive to the consumer. Our member companies are committed to keeping their customers in their vehicles, maintaining the financing relationship, and avoiding the significant financial cost that repossession entails. Vehicle finance companies have every incentive to avoid repossession because they lose more money in the process than other delinquency resolution arrangements. As a result, vehicle finance companies invest considerable time and effort in working with customers to resolve account issues and avoid repossessions.

---

[4] CFPB, *Repossessions in Auto Finance*, January 2025. https://www.consumerfinance.gov/data-research/research-reports/repossession-in-auto-finance/.

[5] Data and reports on the auto industry and repossession are not limited to the CFPB, but also published by other federal agencies, ratings agencies, news outlets, and data analytics companies. The Federal Reserve's G.19 report includes quarterly data with the number of new motor vehicle loans, along with the amount of outstanding motor vehicle loans; the Federal Reserve's G.20 report includes monthly data on both new and used car interest rates, maturity, and amount financed, as well as data on outstanding receivables for both motor vehicle loans and leases; the Federal Reserve's Financial Accounts of the U.S. – Z.1 includes data on transactions and levels of financial assets and liabilities, by sector and financial instrument, full balance sheets, including net worth, for households; the Securities and Exchange Commission (SEC) requires loan-level information to be disclosed when financial institutions offer asset-backed securities (ABS) – as most auto loans are securitized, this information covers a significant portion of the market. Organizations that track and summarize this information include: S&P Global, Fitch Ratings, and SIFMA. News outlets cover the industry in great detail, especially Cox Automotive Market Insights and Outlook, Automotive News, Auto Finance News, and the American Banker. Data and analytics reports are issued by a multitude of sources, including: Black Book, Experian Auto Count, TransUnion Auto Lending Solutions, Equifax Automotive, Infosys Automotive, Big Wheels Auto Finance Data, JD Power, Agora Data, Genpact, Defi Solutions, LexisNexis Risk Solutions, Fortune Business Insights, Moody's Analytics Auto Finance Risk Management Solutions, Accenture Auto Finance Consulting Services & Solutions, and Edmunds.

It may also be helpful for context on the broader marketplace to highlight how rare repossessions are. The actual number of repossessions relative to total vehicle finance transactions and vehicles sold remains very small. While any individual repossession is unfortunate, it is important to maintain perspective on the overall performance of the vehicle finance market and the success of the overwhelming majority of consumers in fulfilling their obligations.

While AFSA does not possess specific or detailed data, we refer you to the Report, which found that more than 99 percent of all vehicles secured by finance contracts examined in the study remained in the possession of the buyer. The study found that over a four-year period – between 2018 and 2022 – repossessions in an average month fluctuated between nearly zero and 0.75 percent of open accounts. Widespread forbearance by financial institutions during the unprecedented pandemic was in part responsible for the historically low number of repossessions in that time.[6]

Your letter also implies that repossessions have reached a level comparable to those of the global financial crisis. Data from Cox Automotive and Experian indicate that the number of repossessions in 2024 and 2025 were the highest since 2009. However, the credit base was 35 percent higher in 2025 than in 2009. The repossession rate in 2025 was lower than in any year between 2007 and 2010, and was 27 percent lower than in 2009, the peak year of the financial crisis.[7]

Another finding from the Report concerns the percentage of repossessions where the vehicle is returned to the borrower because of a beneficial agreement to resolve a delinquency. The Report indicates that between 2018 and 2022, instances of this practice ranged between 22 percent and more than 30 percent, making the number of repossessions in which the consumer truly lost the vehicle even lower. Consequently, any accurate measure of the incidence of repossession must acknowledge that the "effective" rate is far lower than cited in the above paragraph.[8]

Such mutually beneficial arrangements to resolve the borrower's delinquency highlight the importance of consumers maintaining contact with their financial institution to avoid having their vehicles repossessed, even if they are unable to make regular payments. An ongoing dialogue between financial institution and customer is the most effective means of identifying a mutually beneficial arrangement for a consumer to retain the vehicle and meet their financial obligation.

For their part, vehicle finance companies proactively reach out to customers experiencing financial difficulty to initiate a dialogue regarding a workable arrangement. Vehicle finance companies recognize that everyone's situation, credit, and account history varies; therefore, they work on a case-by-case basis to find ways to remedy an account problem whenever possible.

Though a last resort – on average, some AFSA member companies estimate that repossessions occur only after consumers' accounts are multiple months past due and they fail to work with their financial institution to fulfill their financial obligations – repossession is sometimes the only

---

[6] CFPB, *Repossessions in Auto Finance*, January 2025. https://www.consumerfinance.gov/data-research/research-reports/repossession-in-auto-finance/.

[7] Estimated defaults and default rate on auto loans, Cox Automotive/Experian, February 2026.

[8] In addition, a portion of total vehicle repossessions relates to fraud. In those cases, repossessions are intended to obtain a car from bad actors committing fraud against financial institutions.

remaining option. AFSA members recognize that the repossession process must be handled respectfully and cautiously and are committed to ensuring that repossessions are conducted in full compliance with all applicable laws and regulations. AFSA members' contracted repossession agents are informed of the necessity that all repossessions be professional, peaceful and fully compliant with the law.[9]

III. Clarifying the Repossession Process

Vehicles are not repossessed with little notice. A repossession is typically the long-tail result of a multi-month process of delinquency, default, and negotiation during which financial institutions make every effort to communicate with their customers to bring the account to performing status. In addition to proactive and affirmative communications by the vehicle finance company, consumers can check the status of their account online, by calling the vehicle finance company directly, or by monitoring their credit report for notations of delinquency or default. A typical progression to repossession would include many of the following steps:

- Billing statements indicating past-due amounts;
- Late payment notifications;
- Default notifications;
- Pre-repossession notices, including a notice of a pre-repossession right to cure;
- Post-repossession notices, including notice of a right to reinstate, notice of plan to sell property and right to redeem; and
- Calculation of surplus and deficiency.

Notification may be by mail, phone call, text message, and/or e-mail, as permitted by the customer and applicable laws.

States have been regulating the vehicle finance industry for decades, long before the CFPB existed. State law governs repossession and rigorous state_and federal exams and enforcement authority ensure compliance by state-licensed entities and national banks.[10] While state laws vary, national banks, state banks, and vehicle finance companies tailor their compliance programs to the highest requirements. Additionally, Article 9 of the Uniform Commercial Code (UCC) was revised and became effective July 1, 2001, significantly improving the flexibility, effectiveness, and efficiency of repossession procedures for all parties. For the most part, this is consistent across state lines.

Apart from supervision and enforcement efforts, consumers have other important legal remedies to employ in the event a repossession is performed in error. An unauthorized repossession or a

[9] In the rare cases where a mistake is made, AFSA members work quickly to rectify the error and provide remediation. Our members are keenly aware that failing to do so results in additional compensation being provided to the consumer and may result in wrongful repossession lawsuits being filed against the lender. More information is available on AFSA's website.

[10] For example, one state-licensed national finance company has undergone 86 state exams in the past 10 years, and 157 exams in the past 19 years. Examination is a constant presence for vehicle finance companies. Management of examinations by financial institutions requires a significant investment in staffing, technology, and time to deliver pre-exam data and then respond to examination questions during and after the exam. For example, one company reported spending over 2,300 hours of staff time preparing for and managing state exams, including preparing responses to approximately 1,250 data requests.

repossession that breaches the peace can impose tort liability on the vehicle finance company and repossession personnel.[11] A consumer may also have claims for compensation under the Fair Debt Collection Practices Act and Article 9 of the Uniform Commercial Code.[12] These legal authorities allow for statutory damages, actual damages, damages for emotional distress, and punitive damages.[13] Together, these legal doctrines ensure that consumers have remedies in the event of operational errors relating to repossession.

IV. Consumer Education Initiatives

AFSA and its members are strong supporters of programs that educate consumers on the financial responsibilities that come with financing a vehicle. An industry-wide coalition known as Americans Well-informed on Automobile Retailing Economics (AWARE) provides educational tools to help consumers before, during, and after the vehicle purchasing and leasing process.

Additionally, the free brochure *Understanding Vehicle Financing*, produced by the American Financial Services Association Education Foundation (AFSAEF) and the National Automobile Dealers Association (NADA) in cooperation with the Federal Trade Commission (FTC), helps consumers learn about financing a vehicle at a dealership and how to evaluate their personal financial situation before financing a new or used vehicle.[14]

Financial institutions, educational non-profits, state agencies, and news outlets also have resources available for consumers. These consumer education efforts are important, as they properly communicate to consumers that repossession is a lawful, expected outcome when a vehicle finance contract goes into default status.

Because AFSA member company's policies and procedures for repossession are driven by applicable law, the terms of vehicle finance contracts, and each company's internal risk assessments, AFSA does not offer any training materials regarding repossession.

V. Technology

Your letter also inquired about GPS tracking and starter-interrupt technology. These payment-assurance products play a role in expanding responsible access to vehicle financing while supporting consumer protection. Use of these technologies is fully disclosed and consented to by consumers in their credit contracts, and vehicle finance companies comply with applicable state post-default notice and right-to-cure requirements.[15]

How the Technology Works, GPS Location Technology: GPS location technology helps locate vehicles for repossession, reducing costs. GPS technology is fully disclosed, and consumers consent to the use of the technology at the time of sale, advance warnings prior to activation,

---

[11] *Shelton v. Marshall, et al*, 724 F.Supp.3d 532 (W.D. Va.2024).
[12] *Id.*
[13] *Id.*
[14] Available at: https://afsaef.org/wp-content/uploads/2021/03/2014_Vehicle_Finance_Brochure_rev2-WEB_rev3-1.pdf.
[15] More information is available on AFSA's website.

prompt reactivation upon payment, and strong privacy and compliance safeguards. The events of default that could result in the use of the technology are set forth in the credit agreement and comply with applicable state law.

The GPS technology may include features that provide anti-theft and stolen vehicle recovery services. Industry members have cooperated with state and federal law enforcement on numerous occasions on cases involving alleged interstate trafficking, stolen vehicles, and other serious crimes. For example, one AFSA member company reports receiving approximately 12 law enforcement inquiries per week, of which approximately 85 percent involve stolen vehicles, 10 percent involve robberies, and 5 percent involve such serious matters as kidnappings and homicides. This service is crucial to hundreds of law enforcement agencies**.**

How the Technology Works, Starter Interrupt: Starter-interrupt technology does not disable a running engine; it prevents a vehicle from starting after a consumer defaults and attempts to contact the borrower have failed. It is designed to promote borrower engagement and facilitate resolution prior to physical repossession, prompting the consumer to contact the vehicle finance company and arrange payment. Unlike physical repossession, a starter-interrupt activation followed by reactivation does not result in a negative tradeline on a consumer's credit report. Even in cases where starter-interrupt has been activated, consumers often have access to at least one override code extending their ability to operate the vehicle. Override codes ensure that a consumer's vehicle does not remain disabled at an inconvenient location and that the consumer can use their vehicle for at least 24 hours while payment arrangements are made.

VI. Conclusion

AFSA and its members are keenly aware of the financial strain and economic uncertainty that many American households have experienced, particularly over the past few years, which is why we have supported a host of policies put forward by policymakers to enhance affordability and financial flexibility.[16] Crucial to this flexibility is access to the many forms of credit our member companies offer to meet day-to-day or unexpected expenses. AFSA member companies took pride during the pandemic in remaining open throughout the crisis to serve consumers and working with tens of thousands of them when financial strain and uncertainty may have hindered their ability to make vehicle or other credit payments.

AFSA and its members will continue to advocate for policies that expand – not restrict – responsible access to vehicle credit. The information presented in this letter demonstrates that the industry serves consumers well, that repossession remains rare, and that it is treated as a genuine last resort. Policies addressing vehicle finance should be carefully calibrated to avoid unintended reductions in credit availability for the millions of Americans who rely on these products to

[16] For example, Congress enacted tax provisions to address vehicle costs. Purchasers of qualified domestically assembled vehicles may deduct up to $10,000 in interest. This deduction phases out for individuals with an adjusted gross income above $100,000/$200,000 for those filing jointly, but is available to those who do not itemize. Additionally, the deduction limit for state and local taxes increased from $10,000 to $40,000, allowing itemizing taxpayers to deduct personal property taxes on vehicles in Alabama, Arkansas, Connecticut, Kentucky, Mississippi, Missouri, North Carolina, and Virginia.

participate fully in the economy. We stand ready to work with policymakers to ensure that any regulatory action is grounded in evidence rather than assumption or preconceived outcomes.

AFSA and its members remain committed to working with policymakers to ensure that vehicle finance practices serve the interests of consumers while maintaining the availability of affordable credit. We appreciate the opportunity to provide this information and welcome any further dialogue on these important issues.

Sincerely,

Celia Winslow

Celia Winslow
President & CEO
American Financial Services Association