

The **Consumer Financial Protection Bureau** (CFPB) issued a compliance bulletin Monday (Feb. 28) aimed at halting illegal car repossessions.

The agency says its investigation revealed illegal seizures of cars, lax recordkeeping, unreliable balance statements and “ransom for personal property” amid a rising demand in recent months for new automobiles.

“With today’s high car prices, auto lenders and investors might be tempted to seize vehicles for resale in the hot used car market,” CFPB Director **Rohit Chopra** said in a **news release**. “No American ever wants to wake up to see their car stolen. Auto loan servicers need to ensure that every repossession is lawful.”

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According to the CFPB, the past few months have seen an “extremely strong” demand for used cars due to the global chip shortage. The bureau said it is worried these conditions might make risky auto repossessions seem more attractive, as these cars often fetch higher resale prices.

“The CFPB also expects that both the total amount of debt and the average loan size will continue to increase,” the bureau said. “Even when inventory shortages abate, larger car loans will put pressure on household budgets for much of the next decade.”

To prevent wrongful repossessions, the CFPB says it is taking action against illegal repossession practices and “sloppy” servicing of loans.

Some of these practices include the illegal seizure of cars from borrowers who paid off enough of what they owed to stop repossession, or entered a repayment plan.

In other cases, servicers are holding onto property found in repossessed cars long after the property owners paid a fee, essentially holding these items hostage.

“The CFPB is closely watching the auto lending market,” the bureau said. “Auto loans are already the third largest consumer credit market in the United States at over \$1.46 trillion outstanding, double the amount from ten years ago.”

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