

National Auto Repair Chains Must Stop Offering Predatory Loans Through EasyPay Finance and TAB Bank

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Advocates urge auto repair chains, including AAMCO, Meineke, and Midas, to stop offering predatory auto repair loans with interest rates of as high as 189%

WASHINGTON – Today, a coalition of consumer advocacy groups sent letters to major national auto repair chains AAMCO and Precision Tune Auto Care (Icahn Enterprises), Big O Tires and Midas (TBC Corporation), Grease Monkey (FullSpeed Automotive), JiffyLube, and Meineke (Driven Brands) urging their stores and franchisees to stop offering financing through EasyPay Finance and Utah-based TAB Bank, which issue loans **at rates up to 189%, even in states where that rate is illegal**. A sample letter can be found **here**.

The letters follow last week's **consumer alert** about auto repair loans and a **report** highlighting hundreds of complaints from consumers about the high rates and deceptive and abusive practices, with many consumers misled and under the impression they were agreeing to interest-free payment plans. The letters were sent from Accountable.US, Americans for Financial Reform, Center for Responsible Lending, CLEAR, Consumer Federation of America, and National Consumer Law Center.

"Consumers struggling to pay for auto repairs repeatedly report being steered into predatory loans with shocking and often deceptive rates hidden in the fine print of applications, frequently not known until after the repairs are completed," **the letters state**. "These predatory loans have a lasting impact on consumers, causing harm to their credit reports and leading to debt collection harassment." The letter urged each repair chain "to disassociate itself from these practices that exploit vulnerable families."

Through auto repair and tire shops across the country, **EasyPay Finance** (owned by Duvera Billing Services) issues loans up to 189% APR. EasyPay advertises to auto repair shops that it can "Increase Your Shop's Revenue" and prevent "Losing Your Credit Challenged Customers."

In states that do not allow predatory interest rates, EasyPay launders its loans through **Transportation Alliance Bank (TAB Bank)** because banks are exempt from state rate caps. This is a scheme for EasyPay to collect exorbitant rates it cannot legally charge directly. In other states, EasyPay lends directly in its own name, often as a retail installment sale.

Hundreds of consumers have complained about EasyPay auto repair and tire loans. Complaints to the Consumer Financial Protection Bureau, Better Business Bureau, and Ripoff Reports describe:

- **Outrageous interest rates of 100% to 189%**, sometimes charged to **servicemembers and veterans**. Consumers are shocked that payments for months and years have little impact on the balance.
- Interest rates **hidden in fine print** or not disclosed until repairs are finished. Applications taken over the telephone, or required to be completed on tablets and smartphones, without written copies, leave consumers in the dark about the terms.

- **Deceptive promises of full interest rebates** if paid in 90 days, with numerous obstacles that prevent consumers from avoiding interest or knowing their payoff balance.
- **Electronic debits that were not authorized**, differed from the agreed payment, or continued after a payment plan was fulfilled.
- **Rude and unhelpful customer service and administrative errors**, leading to missed payments, fees, and loss of the interest-free option.
- **Harm to credit reports**, including from loans paid in full or reported for the wrong consumer. No response to consumer disputes.
- **Debt collection harassment** and refusal to honor payment plans, including for those impacted by COVID.

A petition to urge the FDIC to stop TAB Bank and other banks from helping nonbank lenders disguise their loans as bank loans that are exempt from state interest rate limits is also being circulated. It currently has more than 19,000 signatures.

The letters make a strong case for the national auto repair chains to stop their stores from offering predatory loans from EasyPay Finance and TAB Bank.

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gaps.

The Consumer Federation of America is an association of more than 250 nonprofit consumer and cooperative groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education.

Americans for Financial Reform Education Fund (AFREF) is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.