

# Advocates Praise FTC Action on Discrimination and Abuse at Car Dealer and Urge Further Efforts

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Boston – Yesterday, the Federal Trade Commission (FTC) filed a complaint and stipulated order against a New York car dealer, Bronx Honda, for discriminating against African Americans and Hispanic car buyers and employing a range of abusive tactics in the sales and financing process.

The complaint includes allegations that the dealer:

- Directed employees to discriminate by charging higher interest rates and inflated fees to African American and Hispanic customers than to non-Hispanic white customers and had a discretionary pricing policy that permitted its employees to mark up interest rates and fees in this way;
- Charged more than the advertised sale prices;
- Changed the price of the car on paperwork without telling the consumer, described as adding “air money” to the contract;
- Double-charged consumers for taxes and fees; and
- Told consumers that they had to pay thousands of dollars in unnecessary fees to purchase “certified pre-owned” cars that were not required by that program.

**The following statement is by John W. Van Alst, director of the National Consumer Law Center’s Working Cars for Working Families Project and staff attorney:**

“We applaud the FTC and the efforts of the Bronx District Attorney’s Office for investigating these disturbing abuses and acting to stop these practices at the dealership. Such discrimination and abuses are widespread in the car sales and finance industry, as NCLC research has shown. Stopping discrimination is important to protect both those buying a car today and those seeking accommodations in their existing financing due to the COVID-19 pandemic.”

“In this case, the FTC complaint alleges that there were overt directives from the dealership to its employees to discriminate. There was also data analysis showing the practices at the dealership resulted in higher charges to African American and Hispanic customers, who were charged the maximum allowable interest rate markup 50% more often than non-Hispanic white borrowers. Non-Hispanic white consumers were not charged any markup or were given an interest rate below the buy rate the dealer was provided about twice as often as African American or Hispanic borrowers.”

“While there were direct statements telling dealership employees to discriminate, enforcement cannot depend upon such statements. Data analysis can provide investigators and enforcement entities the tools to find and root out more discrimination and abuses.”

“It is urgent that state and federal regulators and enforcement entities act swiftly through both enforcement and rulemaking to end such abuses in the auto sales and finance market in order to protect the car buying public and dealers and creditors that do not engage in such abuse.”

## **NCLC Related Resources**

- Report: Time to Stop Racing Cars: The Role of Race and Ethnicity in Buying and Using a Car, April 2019 (2-Page Overview)
- Auto Finance and the Coronavirus Crisis: What States Should Do to Help, March 2020
- Report: Auto Add-Ons Add Up: How Dealer Discretion Drives Excessive, Arbitrary, and Discriminatory Pricing, October 2017