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Attorney General Griffin Joins $694 Million Multistate Settlement with Subprime Auto Lender Credit Acceptance Corporation

Griffin: 'I am pleased that this issue has been resolved and trust that CAC will no longer prey on vulnerable Arkansans'

LITTLE ROCK – Attorney General Tim Griffin issued the following statement announcing a multistate settlement with Credit Acceptance Corporation (CAC), one of the largest auto finance companies in the country, following a lawsuit that he co-led:

"CAC has agreed to a $694 million settlement with our coalition of 40 attorneys general, providing cash and debt relief to consumers in connection with the consumers' car loans. Arkansas will receive $660,000 in civil penalties as part of the settlement. The settlement also includes injunctive relief that requires CAC to strengthen consumer protections. Among other things, CAC must provide consumers with disclosures about loan risks, give consumers protections from bad outcomes on certain high-risk CAC loans, and protect consumers from auto dealers packing unwanted Vehicle Service Contracts (VSC) and Guaranteed Asset Protection (GAP) products into CAC auto-loan contracts.

"Since 2015, CAC allowed consumers to enter into loans that the lender knew the consumers could not afford. This sort of predatory lending is unconscionable and clearly violates the Arkansas Deceptive Trade Practices Act. I am pleased that this issue has been resolved and trust that CAC will no longer prey on vulnerable Arkansans."

Background

The multistate settlement 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 alleged 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 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, which will be effective as of November 2, 2026, also resolves allegations that CAC encouraged and failed to reasonably prevent unlawful VSC and GAP product "packing" by auto dealers in CAC's network. The attorneys general alleged that CAC's dealer compensation methodology and lack of reasonable dealer oversight resulted in dealers aggressively selling VSCs and GAP products in connection with CAC loans, even when consumers were either unaware they were purchasing the products or were led to believe the products had to be purchased for the consumer to get financing.

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 40 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 cancellation, 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, Hawaii, 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.

Arkansans with questions about the settlement with Credit Acceptance Corporation can call the Office of the Attorney General at (501) 682-2007. Customers eligible for debt relief will be notified by CAC. Consumers eligible for restitution will be notified by a claims administrator.

About Attorney General Tim Griffin

Tim Griffin was sworn in as the 57th Attorney General of Arkansas on January 10, 2023, having previously served as the state's 20th Lieutenant Governor from 2015-2023. From 2011-2015, Griffin served as the 24th representative of Arkansas's Second Congressional District, where he served on the House Committee on Ways and Means, House Armed Services Committee, House Committee on Foreign Affairs, House Committee on Ethics and House Committee on the Judiciary while also serving as a Deputy Whip for the Majority.

Griffin is currently an officer in the Arkansas Army National Guard and holds the rank of colonel. Griffin served as an officer in the U.S. Army Reserve Judge Advocate General's (JAG) Corps for more than 28 years. In 2005, Griffin was mobilized to active duty as an Army prosecutor at Fort Campbell, Kentucky, and served with the 101st Airborne Division (Air Assault) in Mosul, Iraq.

His previous assignments include serving as the Commander of the 2d Legal Operations Detachment in New Orleans, Louisiana; the Commander of the 134th Legal Operations Detachment at Fort Bragg, North Carolina; and as a Senior Legislative Advisor to the Under

Secretary of Defense for Personnel and Readiness at the Pentagon. Griffin earned a master's degree in strategic studies as a Distinguished Honor Graduate from the U.S. Army War College, Carlisle Barracks, Pennsylvania.

Griffin also served as U.S. Attorney for the Eastern District of Arkansas, and Special Assistant to the President and Deputy Director of Political Affairs for President George W. Bush; Special Assistant to Assistant Attorney General Michael Chertoff, Criminal Division, U.S. Department of Justice; Special Assistant U.S. Attorney, U.S. Attorney's Office, Eastern District of Arkansas; Senior Investigative Counsel, Government Reform and Oversight Committee, U.S. House of Representatives; and Associate Independent Counsel, Office of Independent Counsel David M. Barrett, In re: HUD Secretary Henry Cisneros.

Griffin is a graduate of Magnolia High School, Hendrix College in Conway, and Tulane Law School in New Orleans. He attended graduate school at Oxford University. He is admitted to practice law in Arkansas (active) and Louisiana (inactive). Griffin lives in Little Rock with his wife, Elizabeth, a Camden native, and their three children.

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