

COMMENTS

Submitted electronically by the:

Center for Responsible Lending

National Council of La Raza

Americans for Financial Reform

To the Federal Trade Commission

Regarding the

Auto Buyer Consumer Survey

Project No. P154800

October 14, 2016

The Center for Responsible Lending, the National Council of La Raza and Americans for Financial Reform submit the following comment regarding the Federal Trade Commission (FTC) proposed survey of consumers about the consumers' experience in selecting, purchasing, and financing an automobile from a dealer.

We would again like to take the opportunity to commend the FTC for undertaking this survey. We continue to believe that this information will be helpful as the FTC considers additional enforcement, regulatory and educational initiatives related to the purchase and financing of an automobile.

The concerns we outlined in our previous comment remain.¹We will not repeat our full analysis of those concerns in this comment, but instead reiterate our broad concerns.

Sample Size

We believe that the FTC should err on the side of including a larger number of participants in the survey. Although the option to interview an additional 40 consumers beyond the initial 40 consumer interviews remains, we believe that a larger survey will produce better and more usable results. Further, including a larger number in the sample would reduce charges that somehow the sample only represents a small number of dealers.

The FTC's recent action charging nine dealers in the Los Angeles area for "using a wide range of deceptive and unfair sales and financing practices,"² in addition to the numerous actions the FTC has taken on deceptive advertising³ show that there remain significant and varied abusive practices in the car lending and buyer market. Including more consumers in the survey also increases the FTC's ability to

¹ <https://www.ftc.gov/policy/public-comments/2016/03/07/comment-00020>

² <https://www.ftc.gov/news-events/press-releases/2016/09/ftc-charges-los-angeles-based-sage-auto-group-using-deceptive>

³ <https://www.ftc.gov/news-events/press-releases/2015/03/ftc-multiple-law-enforcement-partners-announce-crackdown>

uncover potentially unfair or deceptive conduct. These actions also underscore the need for the FTC to continue using multiple tools, including this survey, to unearth these practices.

Buy-Here/Pay-Here

We again suggest that the FTC consider excluding Buy-Here/Pay-Here transactions from the survey. For the reasons we more fully state in our original comment, these transactions have significant differences from more traditional financing, and the potentially unfair or deceptive conduct is different. Instead, we would strongly suggest the FTC conduct a separate survey of these transactions. If, however, the FTC decides to keep Buy-Here/Pay-Here in the survey, this further underscores the need for a larger pool to ensure enough respondents from this market to provide meaningful input and reduce the chance that the FTC will miss potentially harmful conduct due to the limited number of respondents likely to be included.

Questions

We provided sample questions in our original comment⁴ and would again urge that specific focus be placed on these areas of concern.

Thank you for the opportunity to provide additional comments to this proposed survey, and we do urge the FTC to expand the breadth of survey respondents and consider a separate survey for buy-here/pay-here to make best use of this opportunity. The FTC's most recent actions show the need for a better understanding of the market and the need to the FTC to use all the tools at its disposal to deal with abusive conduct in this market.

⁴ <https://www.ftc.gov/policy/public-comments/2016/03/07/comment-00020> at 3.