Frequently asked questions about

AUTO LOAN DEFICIENCY ACCOUNTS

Refer to these Frequently Asked Questions when speaking with a customer regarding their auto loan deficiency account. If you have any questions, please speak to your supervisor.

How do I still owe money on my car loan? I don't have that car anymore. They repossessed it.

A car loan is a secured loan. If you default on a secured loan, the lender can seize the collateral - in this case, your car. After the lender repossesses your car, what they usually do is sell it at an auction to get their money back. In some cases, the amount they're able to get for the car isn't as much as the balance left on the loan. The bank applies the amount they got for the car to your loan, and you're still responsible for anything left over, even if you don't have the car.

My car was totaled and my insurance company sent a payment to my lender. Why wasn't it enough to cover the remaining balance on my loan?

When your car was totaled, your insurance company payout was for the value of the car, not the amount of your loan. Cars start to lose value almost as soon as you buy them, and they lose value very quickly. Depending on the down payment you put down, the amount you financed, and the interest rate, your loan balance can end up being more than what the car is worth. Would you like me to look at how much the insurance payout was?

My car was totaled, but I had GAP insurance. Why do I still owe money?

Did you miss any payments before your car was totaled? If so, GAP insurance doesn't cover those missed payments. The amounts of the missed payments and late fees are deducted from the amount the GAP insurance pays out before it's applied to your loan balance. Let's look at your payment history to see if you had any missed payments and what the amounts were.

Why is the balance you gave me different than what was on my last statement from my lender?

Your last statement likely shows the balance from before the vehicle was sold and the account was closed. There are often fees associated with repossessing the car, selling it at auction, and charging off your account. These fees are added to your balance when the account is charged off.

My lender closed my account, but they didn't repossess my car. Why do I still owe money?

Lenders might decide not to repossess the vehicle because the amount they could get for it at an auction wouldn't cover enough of the cost associated with repossessing it and selling it. In this case, they might charge off the account and sell it. If this happens, the debt buyer owns your loan and you owe them the money.

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For more information, please reach out to the Call Center Training & Development Team.
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