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**Federal Trade Commission Fails to Protect Used Car Buyers:
Ignores Consumer Groups and State Attorneys General**

WASHINGTON— Americans for Financial Reform (AFR) and consumer advocates that focus on improving protections for America's used car buyers expressed disappointment today at the Federal Trade Commission's (FTC) new Used Car Rule proposal that may make it *easier* for car dealers to defraud consumers and would not even require dealers to disclose known defects.

"The FTC's proposed Used Car Buyers Guide sticker is even worse than the old one, and is blatantly false and misleading," said Rosemary Shahan, president of Consumers for Auto Reliability and Safety, one of the groups that had urged the agency to issue a rule to improve protections for used car buyers. The FTC proposal would require dealers who sell vehicles as is to post a sticker on a car that includes: "THE DEALER WON'T PAY FOR ANY REPAIRS. The dealer is not responsible for any repairs, regardless of what anybody tells you." This is misleading, because under state law in all 50 states, if dealers commit fraud and cheat car buyers, dealers may have to pay for repairs. Indeed, they may also be liable for refunds or even punitive damages.

The proposed rule comes more than four years after beginning a review of the current rule and after a nationwide series of roundtables on auto sales and finance which revealed widespread problems in the industry. "The FTC ignored both the recommendations filed by consumer experts and by state attorneys general, as well as many of the problems raised during the roundtable series the FTC held. Rather than making used auto sales more transparent and fair, the Commission proposal would simply encourage dealers to continue business as usual, which all too often leads to car dealers defrauding consumers," said John Van Alst, attorney at the National Consumer Law Center. In 2008, consumer groups submitted recommendations to the FTC regarding the Used Car Rule that were ignored by the FTC (available at end of release).

The Commission also rejected consumer groups' recommendation that auto dealers be required to disclose defects they already know about without any additional inspection. The Commission also declined to require dealers to check the new government data base of salvage and totaled

cars, the National Motor Vehicle Title and Information System, and alert consumers if the search shows the car is salvage or has been seriously damaged, as California dealers are required to do.

According to annual surveys issued by the Consumer Federation of America, National Association of Consumer Agency Administrators, and North American Consumer Investigators, auto sales and service complaints perennially top the list of consumer complaints filed with state and local consumer protection agencies. Used car dealers also rank among the top ten consumer complaints filed with the Better Business Bureau, and the FTC reports that more consumers are filing auto-related complaints with the Commission now that it has more authority over auto dealers.

“A car is the biggest investment many families will ever make, and is a necessity in many areas for finding and keeping a job. Working families need working cars, and the FTC can and should do more to protect them. We urge the FTC to reconsider its proposed modifications to the Used Car Rule and to instead produce substantially improved protections for used car buyers,” said Ellen Taverna, legislative director of the National Association of Consumer Advocates.

The FTC will take public comments on the proposed rule until Monday, February 11, 2012.

Comments may be submitted online at:

<https://ftcpublic.commentworks.com/ftc/usedcarrulenprm/>.

Related Links

FTC proposal: <http://www.ftc.gov/os/2012/12/121204usedcarnotice.pdf>

Comments filed by consumer groups, including recommendations to the FTC to strengthen enforcement and modify the rule and Used Car Buyers Guide:

<http://www.ftc.gov/os/comments/usedcarrule/536945-00015.pdf>

Comments filed by state attorneys general:

<http://ftc.gov/os/comments/usedcarrule/536945-00018.pdf>

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