

13 Ways a Car Dealer Commits Fraud

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Number 1 **Power Booking** This is something that is done by the Finance Office when they lie to the bank about the trim level of the vehicle that you are purchasing. Representing that a new or used vehicle has features or options that it does NOT have is fraud. Unfortunately, the VIN doesn't always reveal an exact trim level, allowing dealers to do this.

Number 2 **Forged Signatures** This is another form of fraud committed by Dealer Finance in the attempt to force the purchase of things like an extended warranty or a vehicle service contract and a number of other add-on items into the car deal without customer consent.

Number 3 **Inflating the total purchase price** above the sticker price by concealing options the consumer did not request, or by including other unapproved and [undisclosed fees](#). This is a crime of omission. They just put the stuff in your car contract, without saying anything about it!

Number 4 **Falsely stating that optional features are required**. Many of you are unaware that no seller of a given product can make the purchase of that product contingent on the purchase of other products. That not only violates the FTC Regulations, but violates law in pretty much every state in our country. Could you imagine going to the grocery store and being told, I can't sell you the bread ma'am, unless you also buy butter and ham and cheese.

Number 5 **Advertising a vehicle for a certain price** and then telling consumers that the advertised deal is no longer available and attempting to sell them an alternate vehicle at a higher price, often known as a "bait and switch" scheme.

Number 6 **Falsely representing a used vehicle as being new**, even though it was originally purchased from the dealership and then later returned. This would also be true of a vehicle a new car dealer allows one of its managers to drive for 10,000 miles, and then present it for sale as a new car.

Number 7 **Claiming that a warranty offers protections that it does not offer**, or falsely representing an extended service contract as an extended warranty.

Number 8 **Hiding a lemon vehicle or Hiding critical vehicle Information.** When buying a used car, always run a vehicle history report and have an independent mechanic inspect the car. We don't recommend ever skipping that step when buying a Used Car. If a dealer misrepresents a car's condition to conceal that the car is a lemon or was involved in a crash, that is fraud. Also included in this is withholding any other important material information about a new or used vehicle.

Number 9 **Odometer Rollbacks.** Manufacturers have taken many steps to try prevent this crime, but it's still happening out there. Misrepresenting the total mileage on a used vehicle through an odometer "rollback" is STILL a more common form of fraud than most people are aware of.

Number 10 **Misrepresenting a consumer's credit score** or eligibility for financing in order to get him or her to agree to a higher interest rate or other unfavorable terms. This is a false statement made to YOU about your own credit by the Finance Officer.

Number 11. **Falsely stating that a consumer who is leasing a vehicle will own the vehicle** when he or she finishes making payments. This is totally false.

Number 12 **Yo-Yo Financing.** Allowing a consumer to drive off the lot with a vehicle under the false belief that a loan application is pending and then having the consumer return to sign for a different, more expensive loan, known as "yo-yo financing"

Number 13. **Backdating new financing documents** to the original purchase date. This is a crime commonly heaped on top of the crime of Yo-Yo Financing!