



## Herbert H. Slatery III Attorney General & Reporter

FOR IMMEDIATE RELEASE  
May 19, 2020  
#20-19

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### **AG SLATERY ANNOUNCES OVER \$550 MILLION SETTLEMENT WITH NATION'S LARGEST SUBPRIME AUTO FINANCING COMPANY**

Nashville- Attorney General Herbert H. Slatery III and a coalition of 34 attorneys general, today announced a settlement with Santander Consumer USA Inc. (Santander) that includes approximately \$550 million in relief for consumers with more relief in additional deficiency waivers expected. The settlement resolves allegations that Santander violated consumer protection laws by exposing subprime consumers to unnecessarily high levels of risk and knowingly placing these consumers into auto loans with a high probability of default.

Today's settlement stems from a multistate investigation of Santander's subprime lending practices that started in March 2015.

"Companies that seek to take advantage of the most vulnerable Tennesseans will end up paying for it in the end," said General Slatery.

The coalition alleges that Santander, through its use of sophisticated credit scoring models, targeted consumers likely to default and engaged in deceptive servicing practices.

Under the settlement, Santander is required to provide relief to consumers and, moving forward, to factor a consumer's ability to pay the loan into its underwriting.

Santander will pay \$65 million to the 34 participating states for restitution for certain subprime consumers who defaulted on loans between Jan. 1, 2010 and Dec. 31, 2019. For consumers with the lowest quality loans who defaulted as of December 31, 2019, Santander is required to allow them to keep their car and waive the balance on the loan, up to a total value of \$45 million. Santander will also pay up to \$2 million to administer restitution claims and pay an additional \$5 million to the states.

Santander has also agreed to waive balances for certain defaulted consumers, with approximately \$433 million in immediate loan forgiveness.

The settlement website where consumers will be able to find updated info on restitution is:  
<http://www.santandermultistateagsettlement.com>

To read the complaint, click here:

<https://www.tn.gov/content/dam/tn/attorneygeneral/documents/pr/2020/pr20-19-complaint.pdf>





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Joining Attorney General Slatery in the settlement are the attorneys general of Arizona, Arkansas, California, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Indiana, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Nebraska, New Hampshire, New Mexico, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, Washington, West Virginia, and Wyoming.

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