

Santander Consumer Reaches \$550M Settlement With State AGs

“Santander Consumer USA will pay \$65 million to states and forgive hundreds of millions more in consumer debt as part of a settlement with a group of attorneys general over practices in its subprime auto lending business,” reports Laura Alix in *American Banker*.

“The attorneys general, representing 33 states and the District of Columbia, said the Dallas-based lender had exposed borrowers to unnecessarily risky loans with a high chance of default. In addition to paying \$65 million in restitution, Santander Consumer has also agreed to forgive nearly \$500 million in car loan debt to borrower nationwide.”

“Santander defrauded desperate consumers by placing them into auto loans the company knew these customers could never afford to pay, resulting in defaults and negative ratings on consumers’ credit reports.”

“The agreement announced Tuesday caps an investigation the attorneys general launched early in 2015 into the U.S. consumer lending unit of the Spanish banking giant Banco Santander. The coalition said its investigation revealed Santander Consumer knew that certain groups of consumers had a high risk of default, but still steered them into loans with high loan-to-value ratios, significant backend fees and high payment-to-income ratios.”

Read the article.