



### Surviving a Repossession

It might not be everyone's worst nightmare, but it's probably high on the list; you walk outside, keys in hand, but your car is gone. If you missed a payment on your loan, your vehicle could have been repossessed. What should you do?

#### **First thing is first: minimize collateral damage.**

Call anyone who might need to know you're not getting to where you were planning to go. Contact your employer, it may be necessary to take a personal day. Contact friends or family to help, especially if you were planning on meeting that person.

#### **Find out why**

There are a few reasons a vehicle could have been repossessed, and not all of them are as obvious as they might seem. If you're confident that you are up to date on your payments, contact your local police. If your car was repossessed, they'll be able to tell you; accidents do happen. Once you've confirmed with the police, or you know it was a repossession, call your lender.

They'll confirm one of three likely reasons:

- Your payment was delinquent, i.e. unpaid (the most likely cause).
- You didn't have adequate insurance.
- It was a mistake—rare, but it happens.

#### **What to do next**

Once you've determined that your car was repossessed and it wasn't a mistake, you should evaluate your finances. It could be you have the money, but the autopay stopped for some reason. You should be able to quickly fix this kind of issue.

If you can't afford the vehicle—and that includes fuel, maintenance, and insurance—then your lender did you a favor. It's a hard lesson to learn but can be a valuable one in the long run. Don't overextend yourself.



### **Once you've analyzed your finances, you have a few options:**

- Pay off the loan. If you can afford the car and can secure the funds, you usually have the option to pay off the balance of the loan and get your car back.
- Negotiate a payment plan. Your lender probably will make more from loan payments than selling the car at auction, so you might be able to renegotiate your payment plan.
- Let it go. If you know you can't afford the vehicle, this is your best option. But understand, you may still owe your lender money. More on this later.



### **After the repossession**

After your vehicle is repossessed, there are a few things you need to know.

- Anything in the car is still yours. The lender only owns the car; all other property is still yours and they must return it.
- You may still owe the lender. If you decide to let the car go, the lender will most likely sell it at auction. If the car sells for less than the amount you owed prior to repossession, you're still on the hook for the difference. If you owed \$12,000 and the car sells for \$8,000 at auction, you will owe the lender \$4,000. It might not seem fair, but it was in your loan agreement.
- The repossession officers are allowed on your property and even in your garage. However, they aren't allowed to cause any damage. If there is any damage, they are liable for the repairs. This is why they aren't allowed to break into a locked garage.

### What not to do

It is true that they can't break into a locked garage. But you shouldn't try to hide your vehicle. The lender can take you to court, and you'll likely owe more money for court costs and lawyer fees. On top of that, the lender can charge you for the cost of repossession—the longer it takes, the higher the fees.

This is not the end. Yes, your credit is going to take a big hit. You're going to need to make some sacrifices when it comes to finding a replacement car. Expect a high down payment. You'll probably have high-interest payments. Until you can improve your credit score with on-time payments.

Be smart, work with your lenders, and reign in your finances and you will recover from this. It will take time and effort, but a vehicle repossession is only a temporary setback.

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5210 Chairmans Court, Frederick MD 21703

