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Attorney General Bob Butterworth News Release

November 20, 1998
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States Investigate Ford Motor Credit Company Practices

TALLAHASSEE -- Consumers may have been deceived into paying thousands of dollars too much for vehicles they purchased under a Ford Motor Credit Company leasing program, Attorney General Bob Butterworth said today.

Florida and 21 other states are investigating allegedly deceptive practices engaged in under Ford Motor Credit's Red Carpet leasing program, Butterworth said. It is through that program that the company provides leasing services and products to its Ford and Lincoln Mercury dealers.

The attorney general said the states are looking into such practices as "payoff packing," under which dealers inflate the amount consumers must pay if they wish to terminate their leases before the leases expire and purchase the vehicles.

"Some dealers are telling consumers they owe Ford Motor Credit hundreds, if not thousands, of dollars more than they actually do," Butterworth said. "They then pocket the difference between the amount charged and the outstanding lease obligation. We believe this blatantly deceptive practice is being carried out possibly with Ford Motor Credit's knowledge."

The attorney general said investigators believe Ford Motor Credit may have provided training and materials to Ford and Lincoln Mercury sales employees to help them exploit consumers.

In addition, Butterworth said, the states are investigating such dealer practices as failing to properly credit trade-ins and cash payments, instituting secret price increases and misrepresenting the cost of lease transactions.

The investigation is being handled for Florida by Chief of Multi-State Litigation Jack Norris and Investigator Terry O'Loughlin.

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