


[Home](#) | [Search Site](#)
[Go »](#)
Who We Are
[Attorney General](#)
[Tom Miller](#)
[Office Directory](#)
What We Do
[Protecting Consumers](#)
[Fighting Crime](#)
[Helping Victims of Crime](#)
[Working for Farmers](#)
[Protecting the Environment](#)
[Raising Child Support Awareness](#)
[Representing State Government](#)
[Issuing Attorney General Opinions](#)
[Enforcing Tobacco Laws](#)
[Protecting Utility Customers](#)
[Resources](#)
[File a Consumer Complaint](#)
[Other Complaint Resources](#)
[News Releases & Publications](#)
[Legal Resources](#)
[Jobs & Internships](#)
[Contact Us](#)
Consumer News Release

For immediate release - Friday June 11, 2004.
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States Allege Inflated Lease Payoffs -- Ford Motor Credit and Dealers Make Payments

Eligible consumers to receive \$100 restitution

Iowa and a total of 38 states have settled a consumer protection action in which the states alleged that consumers were charged inflated costs if they chose to terminate their car or truck leases early and purchase the vehicle. Defendants named in lawsuits filed Thursday in Iowa and the other states were Ford Motor Credit Company, based in Dearborn, Michigan, and Ford and Lincoln-Mercury dealers around the country.

Consent judgments settling the matter also were filed in Iowa and the other states yesterday. The defendants will pay restitution to consumers, and pay about \$6.2 million to the states for consumer education and litigation, legal fees and costs.

About 1700 Iowans are likely eligible for direct notification and claims for \$100 refund payments, and others also may be eligible to file claims. Payments to Iowa will be over \$80,000.

The case revolved around Ford's "Red Carpet" leasing program created by Ford Motor Credit, especially from 1991-1994. Lease agreements were finalized by dealers, and then Ford Motor Credit received monthly payments and managed and maintained consumer accounts. However, when consumers sought to terminate their leases early and purchase the vehicle, Ford Motor Credit instructed them to return to dealers for final lease "payoff" amounts, even though Ford Motor Credit was aware of what the amount should be. The states alleged that dealers then would inflate the early-payoff amount, remit the actual payoff amount to Ford Motor Credit, and retain the extra amount paid by consumers. The practice violated consumer fraud laws, the states alleged.

Consumers affected by the alleged illegal practices from 1991-1994 will be eligible for \$100 apiece, and they will be sought and contacted directly by the independent settlement administrator. Ford Motor Credit is paying the cost of refunds to consumers and administration of the refunds. Consumers will only need to claim that they leased from Ford Motor Credit, that they terminated their lease early and purchased the vehicle, that they received a payoff price quotation only from the dealer and not from Ford Motor Credit, and that they did not understand that the quotation from the dealer included a payment amount subject to negotiation as well as the lease payoff amount. About 150,000 consumers nationwide are expected to be eligible for the direct notification and claims for \$100 refunds for the years 1991-1994, including 1743 Iowans.

In addition, Iowans also may make a claim for a \$100 refund if they had a similar experience after 1994. (The claim requirements are the same as for 1991-94 lease/purchasers.) For more information or a claim form, consumers may contact the settlement administrator at 1-800-221-3312, or www.gilardi.com/fordcreditlagsettlement/ Consumers have until February 2005 to apply for restitution.

In addition to the consumer refunds and costs of refund administration, Ford Motor Credit is paying \$500,000 to the 38 states (over \$12,720 to Iowa). Ford and Lincoln-Mercury dealers also will pay the states about \$5.8 million (including \$68,000 from Iowa dealers to the State of Iowa.)

Ford Motor Credit and the 18 Iowa Ford and Lincoln-Mercury dealers denied liability but cooperated in the matter and agreed to the settlement. Iowa Ford and Lincoln-Mercury dealers included in the settlement are: Bob Anderson Ford Mercury of Missouri Valley, Bill Colwell Ford of Hudson, Charles Gabus Ford of Des Moines, Condon Ford of Moville, Dahl Ford of Davenport, Dick Witham Ford of Waterloo, Fort Dodge Ford of Fort Dodge, Granger Motors of Granger, Hawkins Marsh Ford of Pacific Junction, Lindquist Ford of Bettendorf, McMullen Ford of Council Bluffs, Mike Finnin Ford of Dubuque, Moffitt's Ford of Boone, Noble Ford Mercury of Indianola, Stieneke Ford of Holstein, Stivers Lincoln Mercury of Des Moines, Stivers Midtown Lincoln Mercury of Des Moines, and Team Ford of Sioux City.

The consent agreement prohibits Ford dealers nationwide from making any untrue or misleading statements in connection with the early termination of lease contracts for any motor vehicle.

The Iowa lawsuit and consent judgment were filed Thursday in Polk County District Court. The consent judgment, or settlement, was approved by District Court Judge Michael Huppert.

The multi-state litigation was led by the Attorney General offices in Florida and Illinois.

- 30 -

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