

Four tips to get back on track if you're behind on your auto loan



By Damion English MAY 17, 2017

<https://www.consumerfinance.gov>

Paying your bills on time is critical for maintaining or improving your financial situation. Late payments will show up on your credit report, hurt your credit scores, and limit your ability to get other credit.

If you're having trouble making your car payment, you're not alone. According to recent trends in auto loan repayment data*, about 6 million people were at least 90 days late on their auto loan payments near the end of 2016. Talk with your lender early to reduce the chance of falling further behind or having your vehicle repossessed.

Consider these four steps to get back on track:

1. Call your lender as soon as you know you will fall behind on your payments.

Talking to your lender early shows that you want to be responsible and pay your loan. The sooner you contact the lender, the more choices the lender will be able to offer you.

2. Ask if you can change your payment due date.

Your lender may agree to change the date your auto loan payment is due so that it is after you get paid or receive income. This could help you avoid missed payments and late fees.

3. Work with your lender to develop a payment plan. Examples of payment plans could be:

- Extending or postponing payments may help you get back on track and give you time to figure out a plan to catch up. Extending or postponing payments can lower monthly payments, but it can also lengthen the term of your loan and increase the total amount you have to pay for the loan.
- Making smaller payments more often, such as twice a month, could help you spread out your payments and get caught up.

When you talk to your lender, ask if there is a cost to make the change to your payment plan. There could be a fee or other extra cost, or you may end up paying more over your loan term. Be sure to ask that the details of the payment plan be noted on your account. If possible, get confirmation in writing of any change in your payment schedule or amount.

4. Think about whether your vehicle is still affordable.

Sometimes your financial situation changes and a purchase you made is no longer affordable. If this has happened to you, consider trading in your current vehicle for a more affordable one. If you sell or trade in your current vehicle, its value and how much you still owe will be an important factor in your decision. If you're struggling with auto loan payments, you're not alone. The Consumer Financial Protection Bureau can help if you have questions about payments or repossession at <https://www.consumerfinance.gov/about-us/the-bureau/>.

* Just Released: Subprime Auto Debt Grows Despite Rising Delinquencies

<http://libertystreeteconomics.newyorkfed.org/2016/11/just-released-subprime-auto-debt-grows-despite-rising-delinquencies.html>