

Insights and Strategies to Help Lenders Navigate the Complex Aftermarket Cancellation & Refund Landscape

[ATLANTA, August 1, 2023] – Early auto loan terminations often put extra compliance burdens on lenders because the traditional cancellation and refund workflow is inefficient — and differing state and federal regulations add to the complexity.

In a recent podcast, Wendy Haenke, a lender solutions expert from Dealertrack, interviews Kenneth Rojc, partner with law firm Nisen & Elliott, LLC, to discuss recent changes in state legislation as well as strategies lenders may consider for complying with state and federal rules/guidelines. These are just some of the key takeaways & best practices from their discussion.

- Aftermarket/Ancillary product cancellations and refunds, particularly GAP and Vehicle Service Contracts (VSCs), are highly scrutinized — and non-compliance can cost lenders dearly (fines, market reputation, etc.).
- Certain states clearly outline who is responsible, how refunds should be calculated, and how quickly the consumer should be refunded — but where the language is unclear or subject to misinterpretation, it's best to consult a legal expert.
- If Federal guidelines differ from what a state mandates — or where there's uncertainty around whether your process complies with both governing bodies — consulting a legal expert to appropriately interpret the law is your best course of action.
- Technology now exists to remove the unnecessary complexity inherent to the traditional cancellation and refund process — helping to ensure lenders stay compliant and boost their recovery rates —so it's worthwhile to explore a new way to tackle an old, friction-prone process.

Watch the [15-minute podcast](#).

<https://us.dealertrack.com/content/dealertrack/en/lender-solutions.html>

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