

STOP THE PAYDAY LOAN DEBT TRAP



Mr. Laurent Bourrut
President & Chief Executive Officer
TBC Corporation
4300 TBC Way
Palm Beach Gardens
Florida, 33410

CC: Big O Tires
4260 Design Center Drive
Palm Beach Gardens
Florida 33410-4280

Dear Mr. Bourrut,

Accountable.US, Americans for Financial Reform Education Fund, Center for Responsible Lending, Center for LGBTQ Economic Advancement & Research (CLEAR), Consumer Federation of America, and National Consumer Law Center write to urge TBC Corporation and its brands, Big O Tires and Midas, to stop offering loans through predatory lenders EasyPay Finance and Transportation Alliance Bank (TAB Bank), which **charge up to 189% annual interest, including in states where that rate is illegal**,¹ and have generated hundreds of complaints about deceptive and abusive practices.

Consumers struggling to pay for auto repairs repeatedly report being steered into predatory loans with shocking and often deceptive rates hidden in the fine print of applications, frequently not known until after the repairs are completed. These predatory loans have a lasting impact on consumers, causing harm to their credit reports and leading to debt collection harassment. Facilitating predatory loans violates principles of business ethics that your companies claim to uphold. We urge TBC Corporation and its franchisees to disassociate itself from these practices that exploit vulnerable families.

Through [auto repair and tire shops across the country](#), including those operating under your brand, **EasyPay Finance** (which is owned by Duvera Billing Services) offers loans up 189% APR. EasyPay advertises to auto repair shops that it can "Increase Your Shop's Revenue" and prevent "Losing Your Credit Challenged Customers."²

¹ National Consumer Law Center, "High-Cost Rent-a-Bank Loan Watch List," accessed May 4, 2022, <https://www.nclc.org/issues/high-cost-small-loans/rent-a-bank-loan-watch-list.html>.

² Accountable.US, Auto Repair Conglomerates Profiting Off Predatory "TripleDigit" Interest Loans To Consumers In Need (May 16, 2022), <https://www.accountable.us/wp-content/uploads/2022/05/2022-04-15-EasyPay-Auto-Repair-Research-FINAL.pdf>.

But many states [do not allow](#) those predatory interest rates. In those states, EasyPay launders its loans through **Transportation Alliance Bank (TAB Bank)** because banks are exempt from state rate caps. This is a scheme for EasyPay to collect exorbitant rates it cannot legally charge directly. In other states, EasyPay lends directly in its own name, often as a retail installment sale.

EasyPay loans are souring consumers on your companies and discourage their repeat business.

Hundreds of consumers have complained about EasyPay auto repair and tire loans. Complaints to the [Consumer Financial Protection Bureau](#), [Better Business Bureau](#), and [Ripoff Reports](#) describe:

- **Outrageous interest rates of 100% to 189%**, sometimes charged to **servicemembers and veterans**. Consumers are shocked that payments for months and years have little impact on the balance.
- Interest rates **hidden in fine print** or not disclosed until repairs are finished. Applications taken over the telephone, or required to be completed on small smartphones, without written copies, leave consumers in the dark about the terms.
- **Deceptive promises of full interest rebates** if paid in 90 days, with numerous obstacles that prevent consumers from avoiding interest or knowing their balance to pay off the loan.
- **Electronic debits that were not authorized**, differed from the agreed payment, or continued after a payment plan was fulfilled.
- **Rude and unhelpful customer service and administrative errors**, leading to missed payments, fees, and loss of the interest-free option.
- **Harm to credit reports**, including from loans paid in full or reported for the wrong consumer. No response to consumer disputes.
- **Debt collection harassment** and refusal to honor payment plans, including for those impacted by COVID.

We are including a copy of a [new report](#) showing consumer experiences with businesses, like yours, that offer these types of loans.³

For example, one Midas customer who had been furloughed by COVID was offered an extension of the interest-free promotional period and made all the payments on a set of tires. But they were not sent notice of the new date to pay off the loan and were hit with \$400 in surprise interest, which was “ludicrous, poor practice and price gouging when they know that I was affected by COVID-19 financially”:

“I financed 4 tires At the midas location of 76 and dodge Street in Omaha Nebraska on March 28. I have made all of my payments on time. I received a phone call from an easy pay representative on June 26 2020. She asked me if I’ve been affected by COVID-19. I told her yes I have been furloughed home from work and not receiving 100% pay. She

³ Stop the Debt Trap, Predatory Auto Repair Loans By TAB Bank and EasyPay Finance (May 2022), https://www.nclc.org/images/pdf/high_cost_small_loans/Rpt-TAB_Auto_Repair-5.11.22.pdf.

offered to let me skip payments which I declined because I wanted to get this paid off as soon as possible. Then the representative offered to extend my promotional. Another 30 days allowing me to make payments and pay the pay this off without interest. I have made payments every two weeks, August 18 to pay it off. I was told at that time that my promotional offer ended on August 6 and they are now trying to charge me over \$400 in interest. I told them that I was told I would have a notice sent to me regarding the end of the new promotional end date. I spoke to three different managers who have all declined to allow me to pay the tires off as is. Easy pay finance has stated that they do not send any type of statements or notices to customers of any sort. I explained that I was affected by COVID-19 severely, especially financially and that I cannot afford to pay over \$400 in interest at this time and that it's bad practice for them not to send their customers any type of statements on a regular basis. I offered to pay off my balance of \$153.89 on August 18 but they declined stating I have to pay the full amount of that plus the interest. The last supervisor I spoke to today on August 27 stated that they were kind enough to extend The no interest promotion until August, which is 30 days more than the original promotion. I explained that this is ludicrous, poor practice and price gouging when they know that I was affected by COVID-19 financially. I told him I had every intention to pay it off in August like I told the representative who contacted me back in June.”⁴

That story is typical of many more discussed in [our report](#).

We strongly urge you to ensure that loans obtained through repair shops that carry your brand are not steered to the predatory lender EasyPay Finance and its partner TAB Bank.

Sincerely,

Accountable.US
Americans for Financial Reform Education Fund
Center for Responsible Lending
Center for LGBTQ Economic Advancement & Research (CLEAR)
Consumer Federation of America
National Consumer Law Center

⁴ See *Id.* Story #33.