E-FILED; Howard Circuit Court
Docket: 9/17/2026 10:47 AM; Submission: 9/17/2026 10:47 AM
Envelope: 28278446

CONSUMER PROTECTION DIVISION, OFFICE OF THE ATTORNEY GENERAL OF MARYLAND, 200 St. Paul Place Baltimore, MD 21202,	* * *	IN THE CIRCUIT COURT FOR HOWARD COUNTY
Plaintiff,	*	
v.	*	Case No. C-13-CV-26-001028
CREDIT ACCEPTANCE CORPORATION, 25505 W. Twelve Mile Road Southfield, MI 48034,	* *	
Defendant.	*	

* * * * * * * * * * * *

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff, the Consumer Protection Division of the Office of the Attorney General of Maryland (the "Division"), brings this action for injunctive and other relief against Defendant, Credit Acceptance Corporation ("CAC" or "Defendant"), for violations of the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (the "Consumer Protection Act"), and states as follows:

I. INTRODUCTION

1. Since at least 2015, CAC has engaged in deceptive, unfair, and abusive business practices when offering subprime auto loans to Maryland consumers by: (i) financing loans that CAC knew, or should have known, consumers were unable to reasonably afford; and (ii) financing the sale of vehicle service contracts ("VSCs") and GAP products (referred to herein as "Ancillary Products") with loans when consumers were either unaware they were purchasing Ancillary Products, or were led to believe the Ancillary Products must be purchased to get financing.

II. PARTIES

2. Plaintiff is the Consumer Protection Division of the Office of the Attorney General of Maryland. The Division is charged with, among other things, enforcing and seeking redress for violations of Maryland's consumer protection laws, including the Consumer Protection Act. Plaintiff has offices at 200 St. Paul Place, Baltimore, MD 21202.

3. Defendant Credit Acceptance Corporation indirectly finances the sale of used vehicle sales and Ancillary Products to subprime or credit invisible borrowers. CAC is incorporated in Michigan and headquartered at 25505 W 12 Mile Road, Southfield, Michigan 48034. Since 2015 or earlier, Defendant has done business in Maryland.

4. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendant shall mean that such acts and practices are by and through the acts of CAC's officers, members, owners, directors, employees, salespersons, representatives, subsidiaries, parents, affiliates and/or other agents.

III. JURISDICTION AND VENUE

5. At all times relevant to this Complaint, CAC was engaged in offering for sale and selling services to consumers within the State of Maryland, including in Howard County.

6. Venue for this action properly lies in Howard County, Maryland, pursuant to Md. Code Ann., Cts & Jud. Proc. § 6-201 (2013 repl. Vol. and 2025 Supp.).

7. This court has jurisdiction over this matter pursuant to Md. Code Ann., Cts & Jud. Proc. § 6-103 (2013 Repl. Vol. and 2025 Supp.).

IV. BACKGROUND AND FACTUAL ALLEGATIONS

8. CAC is one of the country's largest publicly traded auto lenders specializing in the indirect financing of loans to borrowers with impaired credit, including subprime and deep-

subprime customers, and credit invisible customers, *i.e.* borrowers without available credit history. Since 2015, CAC nationally has originated millions of auto loans to subprime or credit invisible consumers through a network of more than 12,000 affiliated used-car dealers.

A. CAC's Underwriting Model Either Did or Should Have Alerted CAC that Many Consumers Could Not Afford Their Loans Because the Model Is Highly Predictive of Rates of Default, Vehicle Repossession, and Vehicle Auction.

9. CAC's primary underwriting tool is its proprietary "CAC Score." The CAC Score is a number from 0 to 1 that represents the percentage amount the company predicts it will collect on a consumer loan from all sources, including borrower payments, debt collection lawsuits, and repossession auctions. Thus, for example, when CAC attributes a CAC Score of .64 to a loan, CAC predicts that it will collect 64% of the overall value (principal plus interest) of the loan.

10. Unsurprisingly, a consumer's CAC Score is highly correlated with the risk that the consumer's loan will end up in default, vehicle repossession, and vehicle auction. Consumers who received CAC loans with lower CAC Scores (and therefore lower predicted collection rates) have experienced higher rates of default, vehicle repossession, and auction than consumers who received loans with higher CAC Scores (and therefore higher predicted collection rates).

11. The CAC Score model has historically forecast that CAC would collect less than the principal amount of a significant number of loans made to financially vulnerable consumers (a loan like this is referred to herein as a "Set Up to Fail Loan"). Evaluated on an annual basis, of all CAC contracts those with the lowest 20% CAC of Scores have been Set Up to Fail Loans.

12. Predictably, a high number of those Set Up to Fail Loans result in quick consumer default and vehicle repossession and auction. Between 25-30% are in arrears of 90 days within 12 months; about 70% are in arrears of 90 days within 36 months; over 40% result in repossession within 36 months; and over 50% end up in repossession and auction over the lifetime of the loan.

Over 25% of the CAC loans in the bottom 5% of CAC Scores have historically resulted in repossession and auction of the relevant vehicle within 18 months of the loan's origination.

13. Exacerbating the issue of consumer loan affordability, analyses of CAC's internal data show that CAC-affiliated dealers mark up the prices of vehicles more for lower CAC Score consumers than for higher CAC Score consumers. Increasing the price of a car based on a consumer's credit worthiness is unlawful.

14. CAC closely tracks and analyzes data points about its consumer loans, including the loan outcomes and the prices dealers charge for their vehicles. CAC therefore was or should have been aware that many of the consumers to whom CAC provided loans with low CAC Scores could not reasonably have been expected to afford their loans, and that dealers were raising vehicle prices based on consumer credit worthiness. Despite this, CAC has continued to both originate risky low CAC Score loans, including Set Up to Fail Loans, and failed to adopt effective processes to prevent dealers from marking up cars based on credit worthiness.

15. Moreover, although CAC generates the CAC Score and uses it to calculate loan terms and dealer compensation for originating the loan before offering consumers financing and loan terms for a vehicle purchase, CAC does not reveal to its low CAC Score consumers either the CAC Score, or the known risks of loan default.

16. To the contrary, rather than disclose the high risk of default to its most vulnerable borrowers, CAC advertised its loans as a means for consumers to "improve your credit score," or to "build a better future," when in reality the loans CAC gave to its many consumers were both likely to fail and extremely unlikely to improve the consumers' credit scores.

B. CAC Finances Ancillary Products in CAC Loans that CAC Knew or Should Have Known Were Included Without the Consumer's Affirmative Consent.

17. CAC finances the sales Ancillary Products with its loans, including VSCs and GAP products. VSCs can easily cost $2,000 or more, and GAP products can easily cost $1,000 or more.

18. The sale of Ancillary Products is required to be optional for consumers. Dealers therefore cannot make the sale of a vehicle, or access to financing, contingent on a consumer's purchase of an Ancillary Product.

19. CAC incentivizes affiliated dealers to sell Ancillary Products by paying dealers both a commission from the sale of Ancillary Products, and, ordinarily, additional compensation for originating loans that include the sale of Ancillary Products.

20. CAC often contractually mandates that, for CAC loans, dealers can only finance Ancillary Products from companies affiliated with CAC, meaning that CAC reinsures the company's Ancillary Products, or has a profit-sharing agreement with the company.

21. Starting around 2015, to further incentivize dealers to sell Ancillary Products, CAC increased compensation to dealers who finance the sale of Ancillary Products through CAC loans. After which, a dealer could more easily turn a vehicle sale financed by a CAC loan from a transaction that would not have been profitable for the dealer into a profitable transaction simply by including Ancillary Product sales.

22. The result of increasing the compensation to dealers was a drastic surge in the sales penetration rate for Ancillary Products financed via CAC loans (*i.e*. the percentage rate that CAC loans contained Ancillary Product sales). Nationally, the sales penetration rate for VSCs alone went from around 50-60% in 2015-2016, to a near 90% sales penetration rate by 2021.

23. CAC closely tracks the rate at which dealers finance Ancillary Products with CAC loans and provides those statistics to each dealer every month via a "dealer dashboard." By 2021,

it was not uncommon for these “dealer dashboards” to show that even some of CAC’s largest affiliated dealerships reported 100% or near 100% sales penetration rates for VSCs for months, or even years in a row.

24. A 90-100% sales penetration rate for VSC sales, particularly when sold to higher risk and financially strapped borrowers, was a clear red flag that dealers were selling Ancillary Products to consumers without their full knowledge or consent. It is highly improbable that any dealership can consistently sell expensive optional products like Ancillary Products to 100% of its consumers, especially when the consumers at issue are financially vulnerable subprime consumers whose loans already showed warning signs that they were not affordable.

25. Consumers confirm that many of them were unaware they were purchasing the Ancillary Products, did not understand that the Ancillary Products were optional, or were led to believe the Ancillary Products must be purchased to get financing.

26. Moreover, between January 2017 and August 2020, CAC itself received more than one thousand consumer complaints related to Ancillary Products, including complaints that dealers were requiring borrowers to purchase Ancillary Products in order to obtain a CAC loan agreement. CAC also received complaints from borrowers who were unaware that an Ancillary Product was included in their contract and discovered the product only after the transaction was completed.

27. Despite all this, even while CAC’s sales penetration rate for Ancillary Products was skyrocketing, rather than increasing its dealer oversight to ensure that the Ancillary Product sales financed via CAC loans were lawful, CAC instead relaxed its oversight processes for preventing dealer misfeasance related to Ancillary Product sales.

V. CAUSE OF ACTION

<u>COUNT I</u>
VIOLATIONS OF THE CONSUMER PROTECTION ACT

28. Plaintiff re-alleges and incorporates by reference the allegations in Paragraphs 1 through 27 as if fully set forth herein.

29. The financing that the Defendant offers and provides to consumers constitutes consumer credit pursuant to § 13-101(d)(1) of the Consumer Protection Act, because is used for personal, household, family, or agricultural purposes.

30. Defendant acted as a merchant as defined by § 13-101(g)(1) of the Consumer Protection Act.

Deceptive Trade Practices

31. Defendant, in the course of offering and providing consumer credit, engaged in deceptive acts and practices that are generally prohibited by §§ 13-301 and 13-303 of the Consumer Protection Act.

32. Defendant made false or misleading oral or written statements or other representations that had the capacity, tendency, or effect of deceiving or misleading consumers and constitute deceptive trade practices prohibited by Com. Law § 13-303, as defined in Com. Law § 13-301(1) of the Consumer Protection Act.

33. Defendant failed to state material facts, the omission of which deceived or tended to deceive consumers, constituting deceptive trade practices prohibited by Com. Law § 13-303 as defined in Com. Law § 13-301(3) of the Consumer Protection Act.

Unfair Trade Practices

34. Defendant engaged in unfair trade practices in their offer and provision of consumer credit in violation of § 13-303 of the Consumer Protection Act.

35. Defendant, in the course of offering and providing consumer credit, caused substantial injury to consumers.

36. Consumers who received consumer credit from the Defendant did not know that they would be unable to repay their loans or that they had purchased Ancillary Products, and, therefore, could not have reasonably avoided their injuries.

37. The injuries that consumers have suffered as a result of Defendant's actions are not offset by any benefit to consumers or to competition and are unfair trade practices that violate § 13-303 of Consumer Protection Act.

Abusive Trade Practices

38. Defendant, in the course of offering consumer credit, materially interfered with consumers' ability to comprehend the risk of the loans they entered into and their ability to repay the loans.

39. Consumers did not know their risk of defaulting on their obligations to repay Defendant's loans and/or losing possession of the vehicles they purchased.

40. Consumers reasonably relied on the Defendant to offer them consumer credit that would be to their benefit and promote their well-being.

VI. PRAYER FOR RELIEF

WHEREFORE, the Plaintiff respectfully requests that this Court enter judgment in its favor and grant relief against CAC as follows:

A. Issuing a permanent injunction prohibiting the Defendant and Defendant's employees, directors, subsidiaries, parents, officers, members, owners, salespersons, representatives, affiliates and other agents from engaging in deceptive, unfair, or abusive trade practices in the extension and servicing of credit in Maryland, in violation of the Consumer Protection Act, pursuant to Md. Code Ann., Com. Law § 13-406(a);

B. Issuing a permanent injunction prohibiting the Defendant and Defendant's employees, directors, subsidiaries, parents, officers, members, owners, salespersons, representatives, affiliates and other agents from engaging in deceptive, unfair or abusive trade practices in the offer and sale of Ancillary Products in Maryland in violation of the Consumer Protection Act, pursuant to Md. Code Ann., Com. Law § 13-406(a);

C. Requiring CAC to take affirmative action, including the payment of restitution to consumers, pursuant to Md. Code Ann., Com. Law § 13-403(b);

D. Requiring the Defendant to pay the costs of this proceeding, including all costs of investigation, pursuant to Md. Code Ann., Com. Law § 13-409;

E. Requiring the Defendant to pay a suitable civil penalty pursuant to Md. Code Ann. Com. Law § 13-410; and

F. Granting such other and further relief as is appropriate and necessary.

Respectfully submitted,

ANTHONY G. BROWN

Attorney General of Maryland

WILSON M. MEEKS (BAR No. CPF # 2001060021)
Unit Chief
DAVID A. BENNER (BAR No. CPF# 2309180001)
Assistant Attorneys General

Consumer Protection Division
Office of the Attorney General of Maryland
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
(410) 576-6957
wmeeks@oag.maryland.gov
(410) 576-6958
dbenner@oag.maryland.gov

Attorneys for Plaintiff

Dated: September 17, 2026.