

Appraiser Blog

# Auto Loan Insights for Buyers with Lower Credit Scores



By Tony Rached

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In the vast world of auto financing, consumers with lower credit scores often find themselves navigating a confusing labyrinth. Recent findings by Open Lending spotlight a crucial roadblock: the lack of clear information and trust in the auto loan process.

This journey, fraught with increased monthly payments and a high cost of living, has made it tougher for these consumers to turn the key on their new vehicle purchases.



### **The Survey Says: A Story of Confusion and Hope**

Open Lending's annual Vehicle Accessibility Report, which surveyed 1,042 U.S. consumers with credit scores ranging from 580 to 659, reveals a landscape of confusion and determination. Here's a snapshot of their findings:

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Consumer Sentiment	Percentage
Plans to purchase/trade vehicle	63%
Finds interest rates confusing	48%
Finds monthly payments confusing	38%

Despite these hurdles, a significant portion of these consumers are not backing down, showing a resilience that could open up new avenues for lenders and dealerships alike.

### Trust: The Missing Piece of the Puzzle

Trust, or the lack thereof, in financial institutions and dealerships, forms a substantial part of the problem. The survey details the level of trust consumers have in various entities:

Entity	A great deal of trust	A moderate amount of trust	Little to no trust
Primary Banks	24%	35%	13%
Dealerships	15%	36%	31%
Alternative Lenders	13%	39%	32%

This trust deficit underscores the need for more transparent and educational approaches from dealers and lenders.

### Bridging the Gap

Addressing this confusion and building trust can transform the auto financing journey for lower-credit consumers. Matt Roe, Open Lending's Chief Revenue Officer, emphasizes the importance of education and transparency in this process.

Dealerships, according to Roe, should leverage customer data to provide tailored resources, ensuring a smoother ride for consumers navigating the auto loan process.

### **Real Voices, Real Stories**

Dustin Gingerich, finance director at Kokomo Auto World, shares a ground-level perspective. He observes that when dealerships turn away low-credit consumers, they miss out on potential success stories. By exhausting all financing avenues, Gingerich has helped many consumers drive off in a new car, proving that patience and persistence can pay off.

### **Wrapping It Up - Steering Towards Inclusivity in Auto Financing**

The recent findings from the Open Lending survey illuminate a significant junction in the journey of auto financing, especially for those steering through with less-than-ideal credit scores. This moment in time, ripe with challenges of understanding and trust, calls for a pivotal shift in how the auto financing industry operates.

Embracing a future where clarity reigns and support is abundant could very well be the beacon for many, guiding them toward a more secure financial harbor. As we consider the paths laid out before us, one question lingers in the air, echoing the sentiments of hopeful buyers and reflective industry professionals alike: Are we on the brink of forging a path that welcomes every aspiring car owner with open arms, no matter the number attached to their financial history?