Office of the
Illinois Attorney General

WHAT TO KNOW ABOUT CAR REPOSSESSION

Missing car payments or violating a loan contract can put you at risk of repossession. A lender can take back your car, even after only one missed payment. That said, repossession does not mean you lose all your rights. Illinois law gives you important rights after the car is taken, including notice of your rights, access to your belongings, and the possibility of your car back.

What should you do if your car was repossessed?

Act quickly and be aware of deadlines. It is best practice to read the repossession notices, keep copies, and figure out early if you can redeem your car, reinstate your loan, and/or recover your property from inside the car.

If you think the repossession was done improperly, or if you are confused about the notices or fees, it is best practice to get legal help as soon as possible.

How the Repossession Process Works

If you fall behind on your car loan, the lender may hire a repossession company to take the car. The lender can usually do this without first going to court, but the repossession must be done *without a breach of the peace*. In other words, the repossession must be done peacefully, without the use of force or a dangerous confrontation. However, the lender does not need to give you notice before repossessing your car.

After repossession, the lender must send you several written notices. First, the lender must mail or deliver a Notice of Redemption to the registered owner of the vehicle within **3 business days** after repossession. The lender must also send an Affidavit of Defense with that notice. The notice must say that your car was repossessed, identify the vehicle, explain your rights to redeem it, state that the lender intends to sell or otherwise dispose of it after **21 days,** and provide contact information for the lender. The notice is important as it starts the clock on your possible next steps.

If you believe the repossession was improper or have a legitimate legal defense, you can fill out the Affidavit of Defense and mail it to the creditor by certified mail. If the lender receives your affidavit within **21 days**, the lender must go to court before moving forward.

How can you get your car back?

In Illinois, there are two main ways to get a repossessed car back: redemption and reinstatement.

Redemption

Redemption means to pay the remainder of the car loan to get the car back before it is sold. This usually includes the full balance due, plus certain allowed costs tied to repossession. The redemption costs can include the unpaid loan balance plus reasonable expenses of retaking, holding, preparing, and disposing of the car, as well as possible attorney's fees. The Notice of Redemption must be sent within **3 business days** of the repossession.

Reinstatement

Reinstatement allows some people to jump back into their loan, essentially from where they left off. Reinstatement is available only once during the life of a contract and only if you have already paid 30% of your total loan amount. If a person meets those qualifications, they have the right to reinstate the contract within **21 days** of repossession. If you qualify for reinstatement, you must pay:

- All the back payments owed;
- Any late fees;
- All reasonable costs of repossession, like towing costs; and
- Any other money you owe relating to the car, such as insurance.

What about your belongings inside the car?

Illinois requires the repossession agency to make a list of all personal property that is in the car when it is repossessed. If the creditor does not have a lien on the property you left inside your car, then the repossession company must send you written notice of where the property is being held within **5 working days** after the repossession. You then have 45 days to claim your items before the company can dispose of the property. You may be charged a modest fee to collect your personal property.

What happens if the car is sold?

If you do not redeem or reinstate the car within **21 days**, the lender may sell it. The money from the sale will first be applied to reasonable repossession and sales expenses, and then to the overall outstanding balance of your loan. If the car sells for more than you owe, you may be entitled to the extra money. If it sells for less, you may still owe the difference.

You can always ask for an explanation of what happened after the sale, including the sale price, expenses, and whether there was money left over or a balance still due. The lender generally has 14 days to provide that information.

Know your rights and take action promptly.

If you believe that your car was repossessed or sold unlawfully, you can file a claim against the company and seek legal help. When you timely dispute car repossession, you have the right to potentially get your car and belongings back. Remember to always follow up with the company in writing and keep a copy for your records.

Consider consulting with an attorney to better understand your rights. You can reach out to legal aid services to determine if you are eligible for free legal services or contact the Illinois Lawyer Referral Service for the name and telephone number of a private attorney. The private attorney will charge a moderate fee for an initial interview.

The Consumer Financial Protection Bureau (CFPB), Police, and Illinois Department of Financial and Professional Regulation (IDFPR) accept complaints against auto loan lenders and licensed repossessors who violate consumer rights.

Consumer Financial Protection Bureau

Scan QR Code to submit a complaint about a financial product or service.

consumerfinance.gov/complaint/

Illinois Department of Financial and Professional Regulation

Scan QR Code to file a complaint with IDFPR against a licensee.

idfpr.illinois.gov/admin/complaints.html

Attorney General Raoul also encourages Illinoisians who believe their repossession rights have not been honored to file a complaint on the Attorney General's website or by calling the Attorney General's Consumer Fraud Hotlines:

1-800-386-5438 (Chicago)

1-800-243-0618 (Springfield)

1-800-243-0607 (Carbondale)

1-866-310-8398 (Spanish-language hotline)

Individuals with hearing or speech disabilities can reach us by using the 7-1-1 relay service.

www.IllinoisAttorneyGeneral.gov