

CFPB Orders Honda's Auto Financing Arm to Pay \$12.8 Million for COVID-19 and Other Credit Reporting Failures

Auto lender wrongfully reported Honda and Acura drivers as delinquent

JAN 17, 2025

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today ordered the American Honda Finance Corporation to pay \$12.8 million for reporting inaccurate information that affected the credit reports of 300,000 people who drive Honda and Acura vehicles. During the COVID-19 pandemic, Honda Finance deferred certain vehicle loan payments. However, the CFPB found that the company told credit reporting companies that borrowers were delinquent when they should have been reported as current. The CFPB's investigation also found multiple other credit furnishing accuracy and dispute investigation failures. The CFPB is ordering the company to pay \$10.3 million in redress to harmed customers and to pay a \$2.5 million civil money penalty.

"Honda Finance used sloppy practices that smeared the credit reports of hundreds of thousands of its customers," said CFPB Director Rohit Chopra. "False accusations on a credit report can have serious implications for Americans seeking a job, housing, or a loan."

Honda Finance is a nonbank automotive finance company for American Honda Motor Co., Inc., which is the sole authorized distributor of Honda and Acura motor vehicles in the United States. Honda Finance is headquartered in Torrance, California. Honda Finance is a wholly owned subsidiary of American Honda Motor. Honda Finance's primary business is the purchase and servicing of loans and leases arranged by Honda and Acura dealerships. As part of their business, Honda sends data about borrowers that appears on their credit reports.

The CFPB found that Honda Finance violated the Fair Credit Reporting Act. Honda Finance furnished false and harmful information that ended up on borrowers' credit reports. The company also failed to conduct appropriate investigations of customer disputes. Specifically, the company harmed consumers by:

- **Damaging borrowers' credit reports during a national emergency:** During the COVID-19 crisis, Honda Finance allowed consumers to defer payments and promised to continue reporting those consumers as current to credit reporting companies. Instead, Honda Finance reported those consumers as delinquent when they did not make payments that were not required during the deferral period. Further, Honda Finance continued furnishing inaccurate information even after determining several types of information was inaccurate. These actions harmed approximately 300,000 consumers.
- **Failing to investigate disputes:** Honda Finance failed to properly investigate disputes about information it furnished to credit reporting companies. Additionally, they failed to send the results of investigations to credit reporting companies and consumers, when required.

Enforcement Action

Under the Consumer Financial Protection Act, the CFPB has the authority to take action against institutions violating consumer financial protection laws, including those violating the Fair Credit Report Act and engaging in unfair, deceptive, or abusive acts or practices. The CFPB's order requires Honda Finance to:

- **Pay \$10.3 million to harmed consumers:** Honda Finance must pay \$10.3 million in redress to consumers and take steps to correct its prior erroneous reporting.
- **Pay a \$2.5 million fine:** Honda will pay a \$2.5 million penalty to the CFPB's victims relief fund (cfpb.gov/enforcement/payments-harmed-consumers/civil-penalty-fund/).

Read today's order (cfpb.gov/enforcement/actions/american-honda-finance-corporation-2025/).

The CFPB has taken a previous enforcement action against Honda Finance. In 2015, the CFPB and Department of Justice took action (cfpb.gov/about-us/newsroom/cfpb-and-doj-each-resolution-with-honda-to-address-discriminatory-auto-loan-pricing/) against Honda Finance for illegal discrimination. The company charged African American, Hispanic, and Asian and Pacific Islander borrowers higher dealer markups for their auto loans than non-Hispanic white borrowers. These markups were without regard to the creditworthiness of the borrowers. Honda Finance agreed to pay \$24 million in redress for violations of the Equal Credit Opportunity Act.

The CFPB has also taken a series of actions to ensure that credit reports are accurate and that consumers can dispute false information. The CFPB issued orders against two other vehicle finance subsidiaries, Hyundai (cfpb.gov/about-us/newsroom/cfpb-orders-hyundai-to-pay-19-million-for-widespread-credit-reporting-failures/) and Toyota (cfpb.gov/about-us/newsroom/cfpb-orders-toyota-motor-credit-to-pay-60-million-for-illegal-lending-and-credit-reporting-misconduct/). The CFPB has also ordered Equifax (cfpb.gov/about-us/newsroom/cfpb-orders-equifax-to-pay-15-million-for-improper-investigations-of-credit-reporting-errors/) to pay \$15 million for failing to conduct adequate investigations of disputed information in

credit reports. Earlier this month, the CFPB sued [Experian](http://cfpb.gov/about-us/newsroom/cfpb-sues-experian-for-sham-investigations-of-credit-report-errors/) (cfpb.gov/about-us/newsroom/cfpb-sues-experian-for-sham-investigations-of-credit-report-errors/) for not properly investigating disputes and failing to remove errors on consumers' credit reports.

Consumers can submit complaints about financial products and services by visiting the [CFPB's website](http://cfpb.gov/complaint/) (cfpb.gov/complaint/) or by calling [\(855\) 411-CFPB \(2372\)](tel:855411CFPB).

Employees who believe their company has violated federal consumer financial protection laws are encouraged to send information about what they know to whistleblower@cfpb.gov. To learn more about reporting potential industry misconduct, visit the [CFPB's website](http://cfpb.gov/enforcement/information-industry-whistleblowers/) (cfpb.gov/enforcement/information-industry-whistleblowers/).

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit www.consumerfinance.gov (<http://www.consumerfinance.gov/>).

Topics

- **ENFORCEMENT** ([CFPB.GOV/ABOUT-US/NEWSROOM/?TOPICS=ENFORCEMENT](http://cfpb.gov/about-us/newsroom/?topics=enforcement))
- **AUTO LOANS** ([CFPB.GOV/ABOUT-US/NEWSROOM/?TOPICS=AUTO-LOANS](http://cfpb.gov/about-us/newsroom/?topics=auto-loans))
- **FINANCIAL SERVICE PROVIDERS** ([CFPB.GOV/ABOUT-US/NEWSROOM/?TOPICS=FINANCIAL-SERVICE-PROVIDERS](http://cfpb.gov/about-us/newsroom/?topics=financial-service-providers))
- **CREDIT REPORTS AND SCORES** ([CFPB.GOV/ABOUT-US/NEWSROOM/?TOPICS=CREDIT-REPORTS-AND-SCORES](http://cfpb.gov/about-us/newsroom/?topics=credit-reports-and-scores))

PRESS INFORMATION

If you want to republish the article or have questions about the content, please contact the press office.

[Go to press resources page](http://cfpb.gov/about-us/newsroom/press-resources/) (cfpb.gov/about-us/newsroom/press-resources/)

