

Even after you think you bought a car, dealerships can 'yo-yo' you and take it back

[Chris Arnold](#) 8-Minute Listen

Darren and Courtney Johnson sit on the back of a truck outside their home in Center Hill, Fla. Three weeks after they bought a used SUV and took it home, they were told by a dealership manager that they needed to return and sign a new contract with different terms. Things went downhill from there.

Octavio Jones for NPR

If you've ever bought a car, you know the feeling when you've signed all the paperwork, driven off the lot, and think, "Wow, this is my car now."

"I was excited," says Courtney Johnson. "I felt like I'd made a good decision as a mother."

Johnson had just had a baby when she and her husband, Darren, decided to buy a newer, safer car for the family. They live in a rural area outside Orlando, Fla. He's a fire sprinkler inspector; she's stopped working to raise the kids. And they bought a little used Hyundai SUV.

"It had the backup camera," she says, "and passenger and kid's airbags in the back."

But a full three weeks after they bought the car and took it home, they got what's called "yo-yo'd."

"I received a phone call from the finance manager of the dealership," Darren Johnson says. The manager told them the financing for the car had fallen through and if the couple wanted to keep it, they had to come back and sign a contract with different terms.

"I was kind of confused," Johnson says. "I thought this was a legally binding contract. ... We've had this vehicle at home. What do you mean it's not financed?"

Most of us would be confused too. But odds are good that in the paperwork you signed when you bought your own car, there was some legal language saying the sale may not really be final. It often asserts that if the car dealer has trouble with the financing on its end after the sale, it can later cancel the deal, try to get you to agree to different terms, and take the car back if you refuse.

"It does happen all too frequently"

NPR has found that this happens regularly around the country — sometimes with painful consequences, such as losing your car or even getting arrested — and that tougher rules for car dealers can make a difference. All this is especially relevant right now, as the Federal Trade

Commission is in the midst of drafting new rules for dealers.

In the Johnsons' case, the new deal raised the price of the car, paid less for their trade-in vehicle, and removed an insurance policy they had in the first deal.

The Johnsons signed the new deal because they wanted to keep the car. But then a week later, they say the dealership told them they had to sign yet *another* deal.

"At that point, it just all seemed really fishy," says Darren. The couple refused to return and sign it.

The dealer, Greenway Hyundai Orlando, sent a tow truck and repossessed the car.

Meanwhile, documents show that Greenway had already sold their trade-in vehicle and didn't give it back.

"We both were just kind of like mind blown at the whole entire situation," Courtney says. "Like, how is this even possible?"

Documents from a later arbitration case show that the dealership wouldn't return their calls. And it didn't pay off the loan on their trade-in vehicle. So the Johnsons were stuck paying the loan, with no car, for nearly a year. They eventually used a chunk of their small retirement savings to pay the loan back.

"I just remember being like ... embarrassed, confused," Courtney says. Without a car, she had to ask friends to drive her and the baby to doctor visits. "I was, like, counting out change, trying to give friends money for gas to get places."

Greenway Hyundai Orlando declined an interview but said in a statement that "Greenway's goal is always to match customers with the financing they need to purchase the automobile of their choice ... it is a lose-lose scenario to have any customer's financing fall through."

The company also said "the communication in this situation around the trade-in ... was hindered by the impacts of the Covid-19 pandemic." The dealership did not explain how the pandemic stopped it from returning the Johnsons' car, which the dealership sold in October of 2019.

The Johnsons bought a car from Greenway Hyundai Orlando in Orlando, Fla. The dealership told them they needed to sign two other deals after their initial purchase. After the Johnsons refused to sign the third contract, the dealership repossessed the car.

Octavio Jones for NPR

To get a sense of how often yo-yo sales happen, NPR sent a survey to consumer attorneys who work on auto cases. Forty of them responded. Together, those few dozen lawyers said they've gotten calls from nearly 900 car buyers in just the past year who say they felt victimized by a yo-yo car sale.

They said that often the terms are worse for the customer under the new deal. And they said that about half the time the dealer tells the customer it's too late to get their trade-in vehicle back.

So what happened to the Johnsons is not just a bizarre one-off situation.

"It does happen all too frequently," says John Van Alst, an attorney with the nonprofit National Consumer Law Center.

Usually, when you finance a car through the dealer, technically you owe the dealership the money for the car. But the dealer wants to quickly sell the credit contract you signed to, for example, the credit arm of Ford or Toyota or some other auto lender.

That's why car dealers often put in the fine print that if they have trouble doing that, they can cancel the sale.

"They want you to feel bound by the contract," says Van Alst. "But they want to be able to walk away."

Many car dealers want you to buy a car the day you walk into the dealership, he says, because if you leave, you'll keep shopping around.

And to get you to buy the car, the sales person might agree to a monthly payment that's too low. Or for whatever reason,

they can't find an auto lender willing to essentially buy your car loan, at least at a price the dealer is willing to take.

The Federal Trade Commission is in the midst of drafting new rules for car dealers.

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Sometimes the car dealer made a mistake and thought they'd be able to find a lender.

But other times, Van Alst says, "it's used as a technique by dealers to try to force consumers into a worse deal."

In those instances, he says, the salesperson knows the deal is too good to be true, but lets you think you've bought the car anyway. So you take it home, show it to your friends and family. Then a few days or weeks later you get the phone call yanking you back like a yo-yo.

"Oh, no," Van Alst says the dealer tells you. "'You're going to have to accept an 8% higher interest rate.'" And at that point, he says, "It's a whole lot more difficult for the consumer to walk away. The dealer might have already sold their trade-in."

That's called "unhorsing" the car buyer. "They are then sort of at the mercy of the car dealer," he says.

As it drafts a new set of [proposed rules](#) for car dealers, the

FTC has requested public comment. And the agency is asking directly — should something more be done to specifically address the problem of yo-yo car sales?

Eighteen state attorneys general say yes. "The FTC can and should go farther to prevent this unfair and deceptive practice," the attorneys general wrote together in [a letter](#) to the agency. They urge the FTC to consider "an outright ban on the practice of allowing consumers to leave the dealership with a vehicle before the transaction's financing is finalized."

Laws can make a difference

NPR has found that tougher rules for car dealers can make a difference.

In 2015, a new state law in Maryland went into effect. It says dealers have just four days to cancel a sale or it becomes final. And dealers are banned from selling trade-in vehicles until the sale is final. So if need be, the car buyer can get their trade-in back.

NPR obtained and analyzed data made up of complaints to the Maryland attorney general's office. In the three years prior to the new law, there were 122 complaints related to yo-yo car sales, or "spot-delivery" sales as the industry calls them. But now, in the three years ending in 2022, complaints

have fallen by more than half.

"Absolutely the law has made a difference," says Karen Straughn, an assistant attorney general with the Maryland attorney general's Consumer Protection Division. She says it took a few years for some car dealers to change their practices. But now, she says, most have.

She says yo-yo sale cases are also more easily resolved now. She says some dealers used to argue that they didn't do anything wrong. Now the rules are clear.

"We advise the consumer and the dealership of exactly what the law requires," Straughn says. "We find that most times dealerships and consumers are able to work together and resolve it amicably."

But Paul Metrey with the National Automobile Dealers Association says the FTC doesn't need to change the rules at the federal level. He says the vast majority of car sales go through with no incident. "You have tens of millions of transactions where this happens all the time," Metrey says, even when the sales contract gives the dealer the right to cancel it later.

So he says there's nothing wrong with contracts that give dealers the right to cancel after the fact. He says he doesn't have data on problems with yo-yo sales but that it seems to

him that it's rare that the original terms don't work and a car buyer needs to be called back.

"That's a situation that you want to avoid," he says, because if the buyer walks away, the dealer gets stuck with a car with more mileage on it making it worth less. It's a headache for everybody involved.

"Perhaps most significantly, you have an unhappy customer," Metrey says. "The reputation of the dealership is key."

The dealer association says car buyers like the current system and changing the rules would create unnecessary delays. Dealers call these contracts spot deliveries because they allow buyers to take the keys and drive off right away, on the spot, even if the dealer hasn't finalized the financing.

Metrey says there are always going to be bad actors at some dealerships, but "to the extent there is an issue, it's something that can be addressed under current federal and state law."

"Nobody should have to go through something like that"

Still, the FTC says in its rulemaking that current laws in general don't appear to be working well enough to protect

car buyers. And with yo-yo sales there definitely can be bad outcomes.

NPR spoke to two different car buyers where the dealer reported the car stolen after the buyer resisted agreeing to different terms or returning the car.

Kaitlyn Arland is an Army service member stationed at Fort Riley in Kansas. When she bought a car two years ago, she says the salesman didn't say anything about the sale not being final as she drove away. But then she received a call from the dealership.

Arin Yoon for NPR

Kaitlyn Arland is an Army service member stationed at Fort Riley in Kansas. The summer before last she was 19 years old and bought a new Kia sedan with a \$325 monthly payment.

"I was so excited," says Arland. "I remember asking the gentleman, like, 'I'm good to go?' And he was, like, 'you're good to go.'"

She says the salesman didn't say anything about the sale not being final as she drove away. But then, eight days later, came the yo-yo phone call. She says the dealer told her the financing didn't work out, she had to come back, sign a different contract, and make a \$2,000 down payment.

"I straight up told him, 'I'm sorry. I don't have \$2,000,'"

Arland says. "He proceeded to ask me if I had a credit card that I could pay it on. And I said ... financially I can't do it, I'm sorry."

Left: Kaitlyn Arland's car keys hang next to her dog tags at her home in Junction City, Kansas. Right: When Arland pushed back on the dealer's new terms and a higher down payment, the finance manager told her they would report the car as stolen.

Arin Yoon for NPR

Arland had never bought a car before. But this didn't seem fair. She had a good credit score.

But when she pushed back on the car dealer, she says the finance manager told her if she didn't bring the car back immediately they were going to report it stolen. And apparently they did.

"So the brigade commander reached out to my commander and said that the dealership said that I had stolen this car and I wouldn't return it," Arland says. "I was already new to the unit, and I just found out I was pregnant, so I was already super worried about what everyone was thinking about me."

Arland was worried this was going to wreck her young career in the military. "I was bawling my eyes out in front of my entire unit."

And after all that, the dealership took the car back.

When the dealership reported Arland's car as stolen, she was worried it was going to wreck her young career in the military.

Arin Yoon for NPR

For Andre Flynt, a car buyer in Cleveland, things ended badly too.

"One night I'm just driving and next thing you know, I get pulled over by the police," Flynt says. "I got my girlfriend in the car, my little brother."

This was about a year ago. Flynt had bought a used Chevrolet Camaro from an AutoNation dealership outside Cleveland. But then he says he got tangled up in a yo-yo sale situation. The dealer was trying to get him to bring the car back. Flynt said he would, but then he didn't. And the dealer reported the car stolen. Flynt says when he got pulled over he showed the police the paperwork indicating he had bought the car legally.

Andre Flynt bought a used Chevrolet Camaro from an AutoNation dealership outside Cleveland about a year ago. But then, he says, he got tangled up in a yo-yo sale situation.

Daniel Lozada for NPR

"They got me at the back of the car, one officer was talking about why was he pulling me over when all the paperwork and everything is in my name," Flynt says. "I'm like, there's so many cop cars behind me, it looked like I robbed a bank."

Flynt says it was scary.

"I'm black, too, so it's like any slight movement, anything man, it could have been just all downhill," Flynt says. "It was terrifying. It shook my girl up, 'cause we didn't know what was gonna happen."

The officers arrested him and he spent two nights in jail before he managed to get released.

"Nobody should have to go through something like that when you actually didn't do anything," says Flynt.

The police returned the car to the dealership. AutoNation said in a statement to NPR that the sale had a "stipulation" that Flynt would provide a copy of his Social Security card the next day and that he did not. Flynt and his attorney both say that's not true, that there was no stipulation about a Social Security card and that it's not mentioned in the sales contract Flynt signed.

After Flynt purchased the car, the dealer was trying to get him to bring it back. Flynt said he would, but then he didn't. And the dealer reported the car stolen.

Daniel Lozada for NPR

Flynt says it wasn't until several days later that the dealership contacted him saying it needed more documentation for the loan financing, which he had trouble providing. Emails show that an AutoNation manager

repeatedly, over several weeks, told Flynt that if he didn't return the car he would report it stolen.

Consumer attorneys say these are the sorts of messy situations that result when dealers sell someone a car, hand them the keys, shake their hand, and then later try to yo-yo them back.

And there are plenty of successful car dealerships that say they don't engage in the practice of canceling a sale and renegotiating after the customer has already driven off the lot.

"Once the customer signs the paperwork and we sign the paperwork, that's a contract ... it's done," says Scott Addison, the head of sales at Fitzgerald Auto Mall, which operates 23 dealership locations in Maryland, Pennsylvania and Florida.

"We sell 27,000 cars a year," Addison says. "At no point are we going to bring somebody back in and renegotiate."

He says they run into an issue with the financing with maybe 15 or 20 of those sales every year. But the dealership just absorbs any cost related to that and it's rare.

Addison says with technology today it doesn't take very long

for his dealership to get a customer's financing approved. "We usually have an approval within seconds of submitting the deal."

Greenway Hyundai filed a counterclaim against the Johnsons.

Octavio Jones for NPR

For their part, Courtney and Darren Johnson in Florida managed to find a lawyer who took their case, which ended up in arbitration as is required in many sales contracts. But it turns out suing a car dealership can be perilous.

"These are risky cases to bring," says their attorney, David Abrams. "The dealership counterclaimed against them," he says. "They actually went after Darren and Courtney and sued them."

Greenway Hyundai sought to recover its attorney fees and even "storage fees" for the trade-in car that it never returned to the Johnsons. So Abrams says if they lost the case the couple would likely have owed tens of thousands of dollars in legal bills. "They would have had to have declared bankruptcy."

Abrams says most state laws around deceptive practices don't spell out where the line is that car dealers can't cross. "It's very vague," he says.

That's a big reason he'd like to see the FTC craft a rule that directly addresses spot-delivery and yo-yo sales. "Having some bright line rules," he says, would make the buying process more transparent for buyers and "would make the law much easier to understand and interpret and enforce."

Darren and Courtney Johnson were recently awarded more than \$225,000 in damages.

Octavio Jones for NPR

The facts in the Johnsons' case were striking enough, though, that the arbitrator ruled emphatically in their favor, saying the dealership's actions bordered on "criminal conduct" and were "precisely the type of wanton and willful disregard for the rights of others that evinces gross negligence and warrants punitive damages."

Last month, the couple was awarded more than \$225,000 in damages.

"I was excited," says Courtney Johnson.

"I'm glad the dealership got punished," says Darren.

The couple says they're thinking they might use the money to start their own fire sprinkler installation business.

This story was edited by Robert Little. It was produced by Meg Anderson. Robert Benincasa contributed to the analysis

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