

Signs of a Predatory Car Title Loan



1: Triple-Digit Interest Rates

Though title lenders often express the cost of their short-term loans through fees, a typical predatory title loan may have an annual interest rate up to 300% and maybe even more .



2: Quick Due Date

Most car title loans are due within a month. Such quick due date will make it harder for you to pay off the loan on time, leading you to a cycle of repeated loans that leaves you worse off.

3: Vehicle At Risk

Title lenders secure their loans by holding onto the title of your vehicle. If you cannot pay off the loan when it's due, the lender may take your car away.



4: Cycle of Debt

It's not unusual for this short-term loan to end up as a cycle of long-term, high-cost debt. In Missouri, for example, the state auditor found that car title lenders make 3.5 times more renewal loans than new loans each month.

