

The Six-Figure Risk Dealers Miss: A Practical Guide to Buyback & Recourse Prevention

Thursday, February 19, 2026



March Education and Training Classes

March 2

GNYADA Sales I:
Foundations of Automotive
Sales

March 3

Sales Managers Boot Camp

March 11

BDC & Sales Boot
Camp

March 12

Service BDC Manager
& Appointment
Coordinator Training



**Visit www.gnyada.com/education
to register**

Lincoln Tech Career Fair

LTI Queens Campus, New York City

Thursday, March 12, 2026:

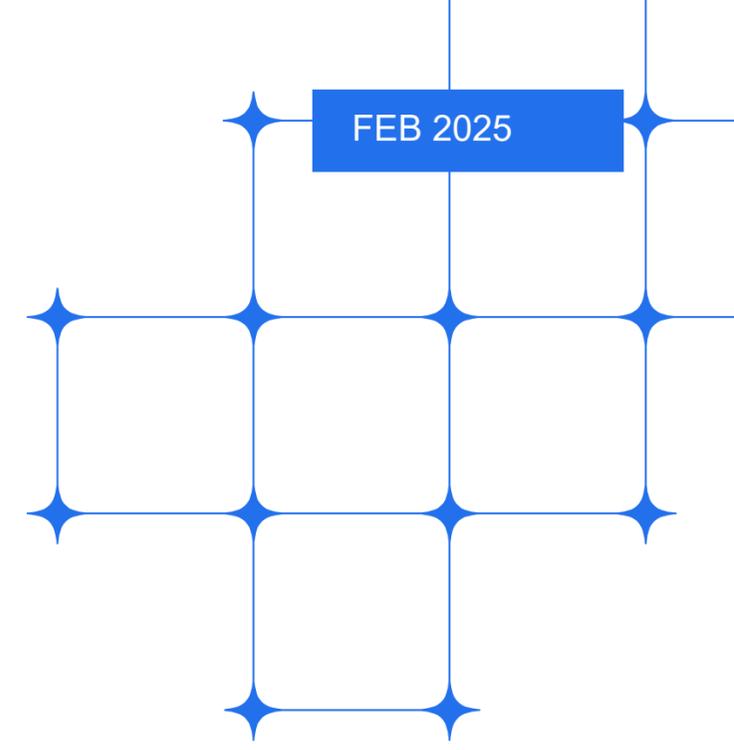
- 10 AM – 1:30 PM
- 6 PM – 8 PM

Discover New Talent!

Connect with qualified Lincoln Tech students and conduct on the spot interviews. Find your next auto tech!

For more details, please reach out to Jeremy Mercado at 718.746.5900 or jeremy@gnyada.com.



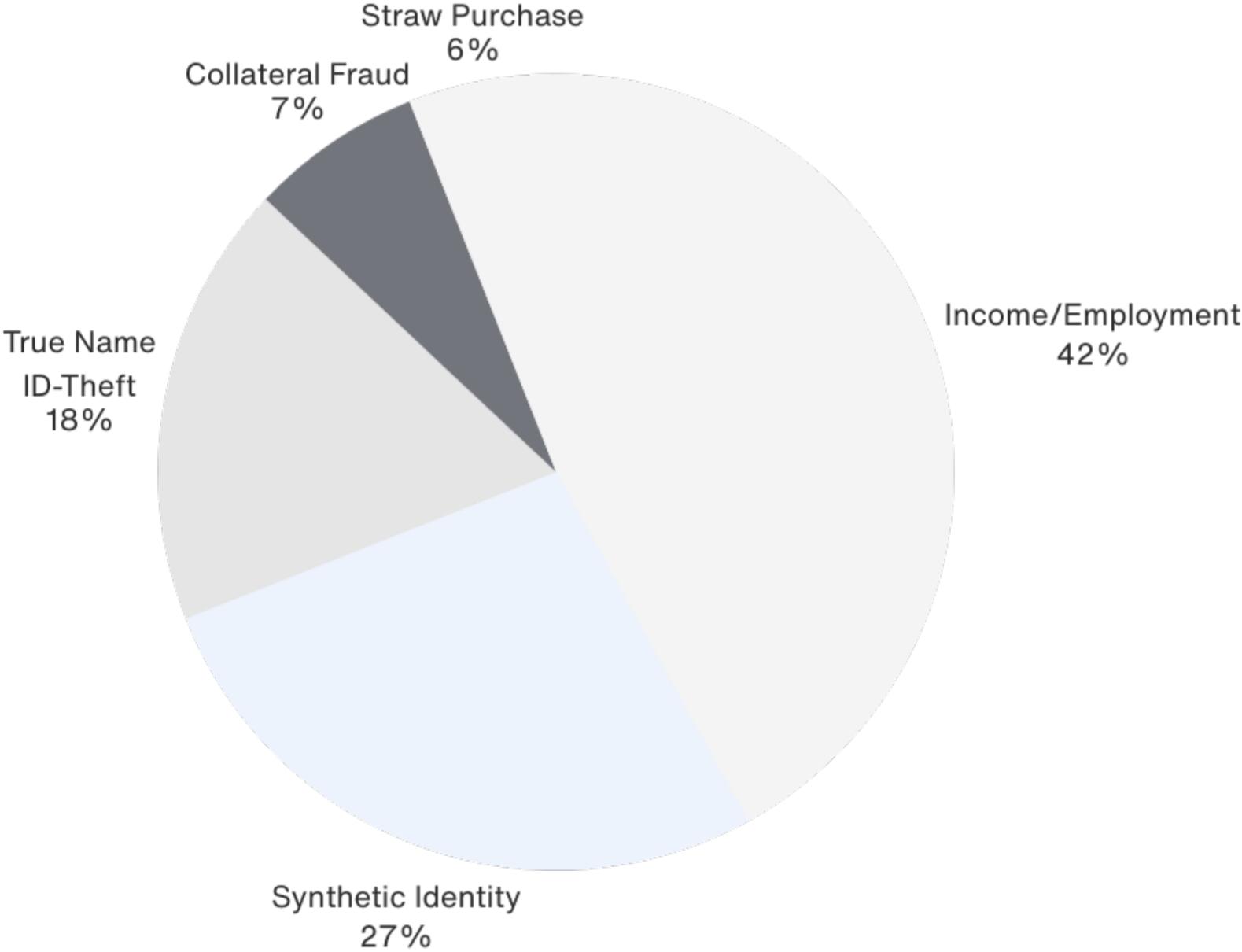


THE SIX-FIGURE RISK DEALERS MISSES

A Practical Guide to Buyback & Recourse Prevention



The *Size & Shape* of Auto-Lending Fraud



2024: ~\$9.2B

*Point Predictive

Study of 2024

Fraud Losses

Don't Stay With the Lender

- Losses start with lenders
- Shift back through:
Recourse
Buybacks
- Triggered when dealer process or documentation is implicated



Modeled Annual Exposure Per Rooftop

1

Anchor on Industry Fraud Baseline

Total auto-lending fraud = \$9.2B

Fraud mix used:

- Income/Employment 42% + Straw 6%
- Synthetic/Credit Washing 27% + True-Name ID Theft 18%

2

Apply Dealer Pass -Through Factors

A) Income + Straw

$\$9.2\text{B} \times 49\% = \4.51B

$\$4.51\text{B} \times 70\%$ (recourse -likely slice) = \$3.16B

Dealer pass-through scenarios:

•20% → \$0.632B

•30% → \$0.948B

•40% → \$1.264B

B) Identity Fraud

$\$9.2\text{B} \times 45\% = \4.14B

Assume 100% bad paper

Dealer pass-through scenarios:

90% → \$3.73B

3

Convert to Per-Dealership Impact

Dealer count: 38,500

Income + Straw (per store / yr)

$\$0.632\text{B} \div 38,500 = \16.4K

$\$0.948\text{B} \div 38,500 = \24.6K

$\$1.264\text{B} \div 38,500 = \32.7K

Identity Fraud (per store / yr)

$\$3.31\text{B} \div 38,500 = \86K

$\$3.73\text{B} \div 38,500 = \97K

What This Means Per Rooftop



Low: \$16.4K + \$86K = ~\$102K

High: \$32.7K + \$97K = ~\$130K

How Buybacks & Recourse Get Triggered



What Starts a Lender Review

- Performance red flags
- Early-pay defaults
- Abnormal patterns tied to one store

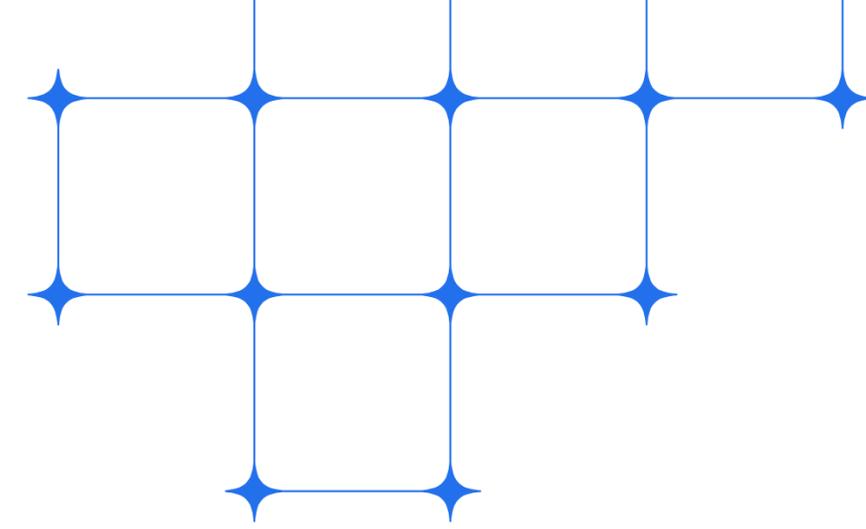
Lender Actions

- Pull samples of deals
- Re-verify income, employment, residency, vehicle use

Outcome

Pull samples of deals

How Buybacks & Recourse Get Triggered



Triggers

- Early-pay defaults
- Charge-offs
- Pattern anomalies



Lender Actions

- File pulls
- Customer interviews
- Re-verification



**Mismatches →
buybacks / chargebacks**

Real-Life Story # 1. Buy Back Origination



What Happened:

- Customer called the bank and asked bank to forward bills to a different address
- Bank noticed mismatch with contract
- Investigation revealed the driver \neq borrower
- Straw purchase identified

What The Lender Did

- Re-reviewed the deal
- Determined misrepresentation

Triggered buyback under dealer agreement

The Signed Credit App Myth

Why Signatures Don't Protect the Dealer

- A signed app does not shield the dealer
- Dealers can't legally alter or inflate data
- Common patterns:
 - Customers sign blanks
 - Rushed or blind e-signing
 - Data changed after submission
- Dealer-lender agreements include independent warranties



Dealer vs. Customer Responsibility



Customer Duty

- Truthful income, employment, housing info



Dealer Duty

- Transmit what the customer actually states
- Don't "bump" numbers to fit approvals
- Apply reasonable verification when data looks off



What Protects The Dealer

- Clean audit trail
- Reasonable verification process



Best-Practice Documentation (Defense Layer)

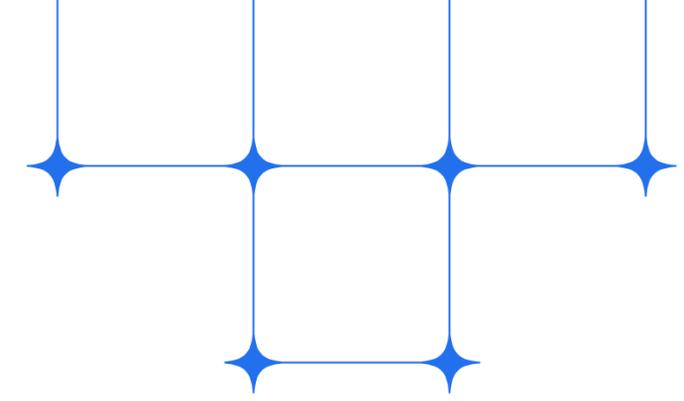
Keep Original + Submitted Applications

- Retain customer-completed version
- Retain lender-submitted version
- Shows what the customer wrote vs. what the store sent

Customer Initials All Corrections

- Customer makes changes
- Single line through errors
- Customer initials each correction

Digital Evidence + Policy vs. Reality



Digital Tools = Permanent Evidence

- Customers submit credit apps digitally (locked record)
- Original customer entry is preserved
- No ability to edit original submission
- Any later change creates a visible discrepancy
- Discrepancies become evidence of dealer-side manipulation

Policy vs. Reality

- Policies say “don’t change customer data”
- Leadership can’t see real-time execution
- Issues surface only after defaults & audits
- Risk lives in the execution gap

Where **TDC Fits**: Real-Time Enforcement

What TDC Enforces

- One enforced workflow across Sales → F&I
- Dealer-set policies enforced in real time
- No deal advances if required steps aren't met
- Any staff edit requires customer acknowledgment
- Protections beyond just regulatory compliance

Result – Clean, Auditable, Defendable Deal.

EVERY. SINGLE. TIME.

Primary Buyer In Progress
Fred Bean

Contact Information **Personal Address**

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Compliance

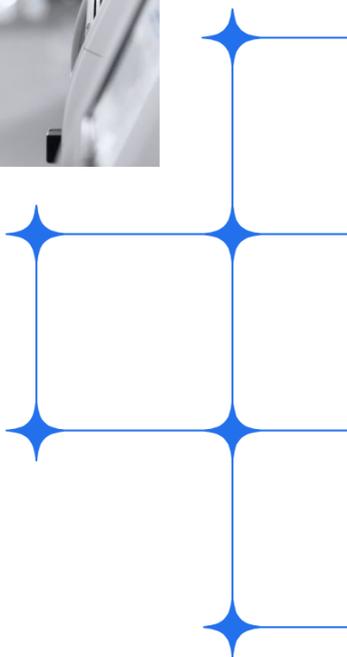
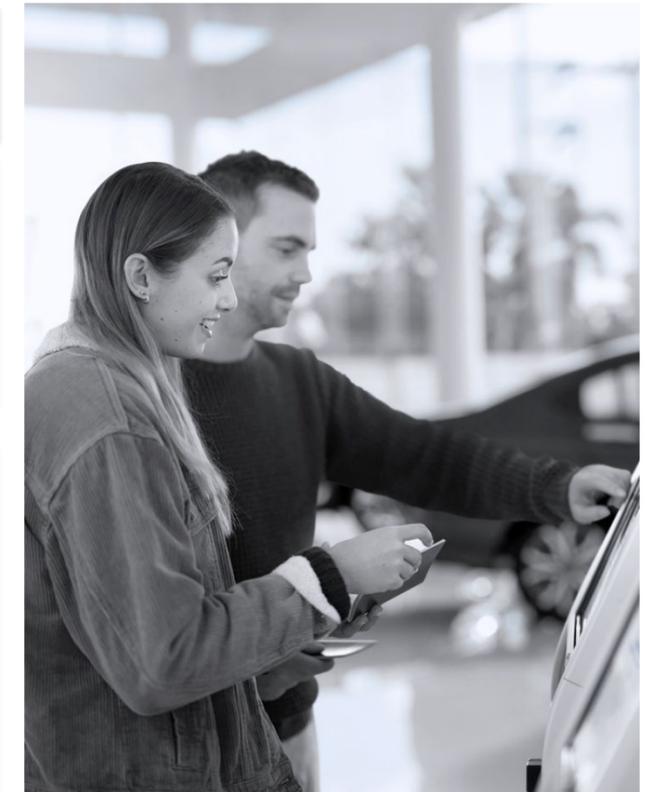
- ✓ ID
- ✓ Red Flag
- ✓ Recalls
- ✓ ID Verification
- ✓ OFAC
- ✓ Vehicle History Report

Credit

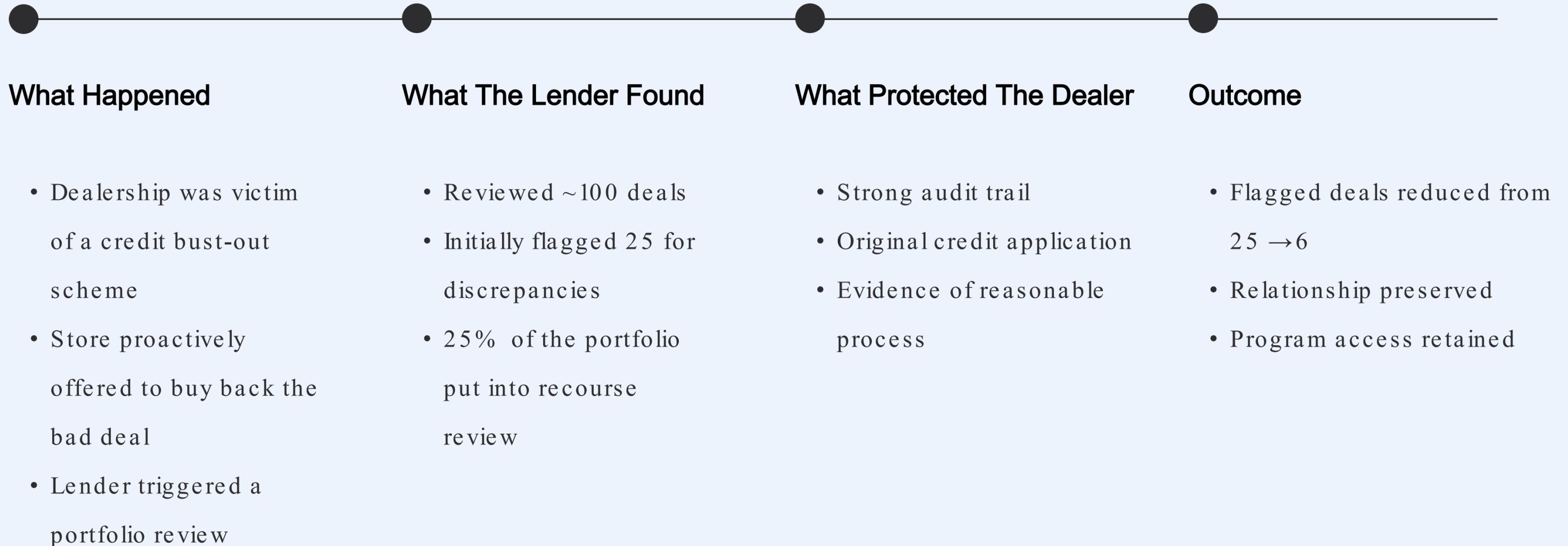
- ✓ Pre-Qualification Application
- ✓ Credit Application [Lending Portal](#)

Credit Bureau	Soft Pull	Hard Pull
Equifax	677	No Data

[Run Credit Reports](#)



Real-Life Story #2: One Fraud Case → Portfolio Review





Thank You



Contact Information

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