Wells Fargo Borrower Got Unneeded Insurance, and Ruined Credit

The New York Times

Wells Fargo has promised to make amends to the customers it forced to buy car insurance that they didn't need. Allan Dunlap, a former Wells Fargo borrower who spent months trying to get the bank to correct an insurance error that marred his credit report, says he'll believe it when he sees it. Some 800,000 people were affected by the Wells Fargo auto insurance dealings, according to an in-depth analysis commissioned by the bank. The expense of the unneeded insurance, which covered collision damage, propelled 274,000 bank customers into delinquency and resulted in almost 25,000 wrongful vehicle repossessions. Wells Fargo said that it discontinued the insurance practices last September after it had found "inadequacies in vendor processes and internal controls that negatively impacted some customers." The bank has contended that 570,000 people may be owed refunds. Mr. Dunlap, 55, is one of those affected by the bank's insurance activities. His experience with Wells Fargo highlights the harm done to actual people and points to the challenges Wells faces in remedying it. More than a year after he started battling with Wells Fargo, Mr. Dunlap said, he is still awaiting confirmation that his credit report has been corrected. "I never missed a payment and I always had insurance," Mr. Dunlap said in a phone interview. "But they forced additional coverage on my vehicle and it showed up on my credit report that I was 60 to 90 days late on my payments." Repeated calls to Wells Fargo to get them to fix the error were unsuccessful, he said. Jennifer A. Temple, a Wells Fargo spokeswoman, acknowledged in a statement "that our customer service and our processes did not measure up and we are working with Mr. Dunlap to make things right." Mr. Dunlap's story began in March 2016 in Jamestown, N.D., where he worked transporting recreational vehicles. He found his dream car at a local dealership — a low-mileage, mint-condition Chrysler 300, vintage 2008, selling for around $25,000. Together with a friend who co-signed for the loan, Mr. Dunlap financed the purchase through Wells Fargo Dealer Services. The amount of the loan was almost $21,000. Before he could take possession of the car, he was asked to provide the dealership with proof of existing car insurance. Wells Fargo loan documents prepared by the dealership show that his coverage was with State Farm. For three months, he made his $410 loan payments without a hitch. But in early May, Wells Fargo sent both borrowers a letter saying it had not received the necessary documentation showing that the car was insured. A second notice saying the same thing followed a month later. When the first notice came in, Mr. Dunlap was recovering from a stroke, he said. Still, he began calling Wells Fargo to tell them he already had insurance. He was unsuccessful, he said, because he'd be kept on hold for long periods and often got disconnected. Ms. Temple of Wells Fargo said: "We recognize there were a number of customers who experienced difficulty verifying with Wells Fargo and our vendor if they had insurance and we are sorry that Mr. Dunlap experienced this challenge." On July 1, Mr. Dunlap's loan statement showed, Wells Fargo charged $1,079 for insurance on the car — the first time such a charge had appeared. The insurance, a year's premium, took effect in March when he bought the car. Mr. Dunlap said he didn't know about the charge and records show he made his regular loan payment in July. But because he owed the additional $1,079 for insurance, he fell behind. Late fees began accruing, and his problems on the loan were reported to credit bureaus. You agree to receive occasional updates and special offers for The New York Times's products and services. He made more calls to Wells Fargo. "I'd talk to one person in one state, another person in another state; I'd send them papers," he said. "There were so many different people involved, the information doesn't get to the right sources." Some Wells Fargo letters came from Phoenix, Ariz., while others were postmarked Irvine, Calif., and Irving, Tex. Sometimes Mr. Dunlap's calls reached the office of the president at Wells Fargo Dealer Services. "Those people would say, 'We'll get back to you,'" Mr. Dunlap said, "but nothing would happen." He even tried reaching the bank's board, Mr. Dunlap said. Finally in mid-September, Wells Fargo canceled the insurance it had placed on Mr. Dunlap's car. But the bank credited his loan account with only $846. That meant he was still behind on the loan. Trying to get another loan to pay off the existing one was impossible, he said. "They would say, 'No, you're late with Wells Fargo,'" Mr. Dunlap said. Exasperated, Mr. Dunlap decided to sell the Chrysler last November so he could close out the Wells Fargo loan. He sold it for around $19,000, he said, $6,000 less than he had paid eight months earlier. The amount he needed to pay off the loan was $20,250, Wells Fargo records show. But Mr. Dunlap's battle wasn't over. Now he had to correct his credit report, an effort that he said was still going on. Earlier this year, he asked the bank for $1,000 in compensation for its mistakes. In a letter dated June 1, the bank declined to provide it. "At this time we are unable to comply with your request for compensation," the letter said. Wells also said it was submitting requests to credit bureaus to remove the late payments recorded on Mr. Dunlap's history. "We sincerely apologize for any inconvenience this matter may have caused," the letter added. Late last month, Mr. Dunlap said he was amazed when he saw an article in The New York Times disclosing Wells Fargo's dubious insurance practices. "I thought I was the only one going through this," he said. Trying to get assurances that his credit report had been corrected, Mr. Dunlap called Wells Fargo again. He said he told the bank that he planned to contact the Times reporter about his experience. “They said, ‘Don’t talk to the reporter, we’ll try to fix this,’” he said. The promise from Wells Fargo came more than a year after his problems with the bank began. It was too little, too late, he said.