

Pardon the Interrupter

By Reg P. Wydeven
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My buddy, Keith Schuch, operates Service Intelligence, an investigation firm. He conducts private investigations and also uses his skills for process service, or furnishing legal documents that are required to be hand delivered to people involved in lawsuits.

He also uses his sleuthing skills to repossess cars. Some people run into bad luck and are unable to continue making their car loan payments. In these instances, the lender has the ability to seize its collateral by repossessing the vehicle. While they may be entitled to get the car back, finding it can be another matter.

Many people who fall behind in their payments work with the lender on the loan or end up voluntarily surrendering their car. A few, however, know they can't make their payments and actively try to hide the car from repo men. They don't park at home or at work, choosing to leave their car a block away to hide their tracks. That's where Keith comes in.

He's great at finding elusive cars and takes great pride in returning them to lenders. His job would be much easier, however, with starter interrupter devices.

A starter interrupter device is an electronic gadget installed on vehicles to protect lenders from high-risk car buyers. They are typically used by "buy here, pay here" dealerships. The devices operate in different ways. Some prohibit the vehicle from starting unless the borrower enters a code on it that is only furnished after making a loan payment. Others simply allow the lender to disable a non-moving vehicle remotely if the borrower's loan goes into default. The devices also contain GPS technology, so the lender can locate the disabled vehicle and repossess it.

Lenders insist that starter interrupters are a necessity, especially for high-risk loans. Without being able to repossess the cars of defaulting borrowers and resell them, lenders insist that they would lose lots of money. As a result, they would have to charge even higher interest rates and make it that much more difficult for consumers with poor credit to purchase a vehicle.

Consumer watchdog groups, however, argue that starter interrupters are outright dangerous. People need their vehicles to get to and from work, pick up their children from school, and go to doctor appointments. If their car suddenly stops working and they can't get to their job, people could get fired and enter a downward spiral of never being able to afford a car.

There are currently no federal rules regulating the use of starter interrupters. The Federal Trade Commission recently began an investigation into the use of the devices. Only four states have passed laws governing their use.

Colorado, Connecticut and California have enacted legislation allowing starter interrupters, provided certain requirements are met. These include providing proper notice of the installation of the device, the consent of the borrower, and the prohibition of use if there is a foreseeable risk of harm to public health or safety.

Wisconsin, however, simply does not allow them. The State's Bureau of Consumer Affairs of the Department of Financial Institutions issued an informal opinion about starter interrupters. It states "disabling a vehicle would be an unfair collection practice and a violation" of the law. Lenders that have used the devices have been sued for violating the Wisconsin Consumer Act. Penalties for violations include forgiveness of the loan, refunds to the borrower, attorney's fees and even punitive damages.

So even though Wisconsin outlaws starter interrupters, Keith will still find you. So please make your car payments.

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