43% of Americans Driven Into Debt Over Car Troubles

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CHARLOTTE, N.C., July 28, 2020 /PRNewswire/ -- A monthly auto loan payment is just a fraction of the true cost of car ownership. Drivers need to consider auto insurance, routine maintenance and gas, as well. But one aspect of car ownership can be much less predictable: car repairs. About 43% of Americans have gone into debt because of car trouble, and 28% of drivers would not be able to make a $500 car repair without going into debt, a July 2020 LendingTree survey found.

Full Report: https://www.lendingtree.com/personal/car-repair-debt-survey/

Key Findings:

- **43% of drivers – and 58% of millennials – have been in debt for car trouble.** Of that number, 21% said their debt occurred in the four months since the coronavirus outbreak started in the U.S. in March 2020.
- **Consumers of color are disproportionately dealing with debt due to car trouble.** Black Americans (59%), Hispanic Americans (52%) and Asian Americans (47%) vehicle owners have been in auto repair debt at higher rates than white Americans (38%).
- **About 28% of Americans would not be able to cover a $500 car repair without taking on debt.** That's especially true for Black Americans (39%), those who were laid off due to the COVID-19 pandemic (34%) and women (32%).
- **Nearly 6 in 10 (58%) have skipped a necessary car repair because they couldn't afford it,** including 71% of millennials.
- **About 1 in 6 (16%) consumers would not be able to get to work if their car broke down.** That number spikes to 30% of those earning less than $25,000 per year.
- **People whose income was affected by the pandemic are struggling with debt from car trouble.** About a third (35% of those who were furloughed and 30% of those whose salary or hours were cut) have been in debt for that reason since March, versus 11% whose income was not impacted.

When it comes to paying for car repairs, it's best to pay in cash. That way, consumers aren't paying the potentially high interest that may be charged with other financing options, like credit cards and personal loans. The survey found that about a third of respondents (32%) would use cash or checking accounts to cover the cost of the repair, and 1 in 5 (20%) would pull money out of savings. While it's ideal to pay for car repairs in cash, not all consumers have that kind of money stowed away in an emergency fund. More than a quarter of respondents (27%) would charge their credit card, and 4% would opt for a personal loan.

To view the full report, visit: https://www.lendingtree.com/personal/car-repair-debt-survey/

About LendingTree

LendingTree (NASDAQ: TREE) is the nation's leading online marketplace that connects consumers with the choices they need to be confident in their financial decisions. LendingTree empowers consumers to shop for financial services the same way they would shop for airline tickets or hotel stays, comparing multiple offers from a nationwide network of over 500 partners in one simple search, and can choose the option that best fits their financial needs. Services include mortgage loans, refinances, auto loans, personal loans, business loans, student refinances, credit cards and more. Through the My LendingTree platform, consumers receive free credit scores, credit monitoring, customized recommendations to improve credit health, and notification when there are opportunities to save money. In short, LendingTree's purpose is to help simplify financial decisions for life's meaningful moments through choice, education and support. LendingTree, LLC is a subsidiary of LendingTree, Inc. For more information, go to www.lendingtree.com, dial 800-555-TREE, like our Facebook page and/or follow us on Twitter @LendingTree.

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