

LendingTree Releases Auto Loan Data to Illustrate the Impact of Credit Scores on Loan Offers

CHARLOTTE, N.C., Sept. 23, 2014 /PRNewswire/ -- LendingTree, the nation's leading online loan marketplace, has released a year-long study tracking average auto loan rates on new vehicle purchases. By analyzing over 20,000 loan offers made by lenders on LendingTree's [auto loan exchange](#) to borrowers across the credit spectrum, LendingTree found that credit scores have the greatest impact on interest rates offered to prospective borrowers.



LendingTree's [infograph](#) shows how average interest rates offered to borrowers across different credit bands can vary significantly. The data represents real consumers who requested financing for a new 2014 vehicle over the past year and received loan offers through LendingTree. Qualified borrowers with "good" credit scores, considered to be between 700 and 779, received [loan offers](#) with an average APR of 5.14% on a 60-month loan. Consumers just one credit band lower, with a "fair" credit rating, ranging from 620 to 699, received loan offers with an APR averaging 77% higher than that of borrowers with "good" credit, at 9.08% for a 60-month loan. The average credit score of borrowers who requested a 60-month loan for a new 2014 vehicle was 660.

Using those interest rates for an example, consider two people each approved for a \$20,000 auto loan; one person with very good credit, one with fair credit. Over a five year period, the person with "good" credit would pay \$2,722.60 in interest. The individual with "fair" credit, over the same period for the same loan amount, would pay \$4,956.40 in interest, representing a difference of over \$2,200 over the life of the loan, or almost \$450 more per year.

"The impact of credit score on the cost of the loan over time can be substantial and, given the current historically low rate environment, the differences are even more striking for credit-challenged consumers," said Rick Finch, SVP and General Manager of LendingTree Autos. "Awareness of your credit score, how it impacts your rate and the steps you can take to improve it over time are key. There is no easy fix for a low credit score, but with time and patience the effort is well worth the savings and peace of mind."

Even candidates with a very good credit rating can see a significant improvement in loan rates if they were to have an "excellent" rating, considered to be over 780, instead. Borrowers with excellent credit scores received loan offers with an average 3.48% APR on a five year loan. Using the same \$20,000 loan example, the jump in credit band could save the borrower over \$900 through the term of the loan.

The length of the loan also has a significant impact on the total cost of borrowing. The most common auto loan is still the 60-month, or 5-year, loan, representing over half of all [auto loan](#) requests on the LendingTree auto network during the study. In order to keep the cost of borrowing at a minimum, it is recommended that buyers make larger down payments and take advantage of shorter loan terms. Ultimately, of course, buyers will need to balance the best financing options with monthly payments they can afford. Prospective borrowers can access a full suite of information, tools and resources, including [free credit scores](#), at www.lendingtree.com.

About LendingTree, LLC

LendingTree, LLC is the nation's leading online loan marketplace, empowering consumers as they comparison-shop across a full suite of loan and credit-based offerings. LendingTree provides an online marketplace which connects consumers with multiple lenders that compete for their business, as well as an array of online tools and information to help consumers find the best loan. Since inception, LendingTree has facilitated more than 32 million loan requests. LendingTree provides access to lenders offering home loans, home equity loans/lines of credit, auto loans and more. LendingTree, LLC is a subsidiary of Tree.com, Inc. For more information go to www.lendingtree.com, dial 800-555-TREE, join our [Facebook page](#) and/or follow us on Twitter [@LendingTree](#).

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