

After Funding

When the lender is the last to know

Auto lending fraud exposure reached a record \$10.4 billion in 2025. Lenders have strong defenses at application. A less visible risk sits after funding, in the vehicle and its title, while payments are still current.

FROM THE FIELD

Industry data, plus four schemes walked step by step

THE LIFE OF AN AUTO LOAN



\$10.4B

Estimated auto lending fraud exposure in 2025, a record

~5x

Growth in fraud exposure since 2010

70%+

Early payment defaults showing evidence of origination fraud

Source: Point Predictive, 2026 Auto Lending Fraud Trends Report. Figures count only fraud that was detected. Scheme walk-throughs draw on the field experience of VINify's fraud team.

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EXECUTIVE SUMMARY

A record year for auto lending fraud, and a risk lenders see last

U.S. auto loan balances reached \$1.71 trillion in the second quarter of 2026, debt secured by the vehicles it financed. Auto lending fraud exposure reached an estimated \$10.4 billion in 2025, a record and nearly five times the 2010 level.

Lenders have invested heavily in defenses at the point of application, and those checks work. But fraud moves to whoever isn't watching. A less visible risk now sits after the loan funds, in the vehicle and its title, while payments are still current. Point Predictive's consortium is registering a spike in title washing reports.

This paper pairs that industry data with four schemes seen in the field, shows why lenders learn of them late, and closes with questions worth asking.

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● Dark panels mark findings from the field

KEY FINDINGS

\$10.4B

Estimated **fraud exposure** in 2025, a record

69%

Share of exposure that is **first-party fraud**

70%+

Early payment defaults showing origination fraud

+83%

Rise in reported **bust-out** cases since 2021

Title washing

A **spike in reports** across Point Predictive's consortium

1 car, 3 loans

From the field: financed three times, never left the lot

Sources: Federal Reserve Bank of New York, Household Debt and Credit Report, Q2 2026; Point Predictive, 2026 Auto Lending Fraud Trends Report; dark tile, VINify field experience.

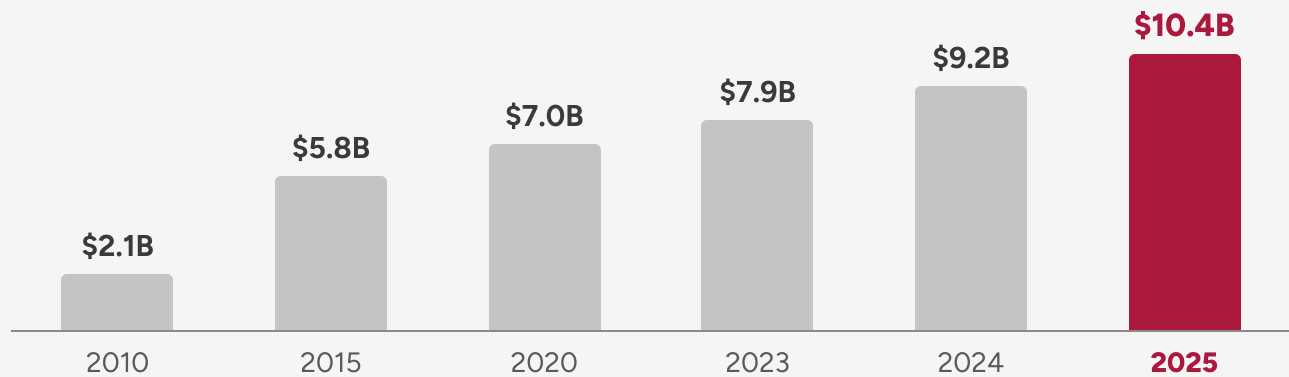
01 • HOW FRAUD IS CHANGING

Auto lending fraud exposure has grown nearly five-fold since 2010

Point Predictive's consortium data, drawn from more than 300 million auto loan applications, shows who is behind most of that growth. Field experience shows where it goes next.

Estimated U.S. auto lending fraud exposure, \$ billions

Up 13% in 2025



Source: Point Predictive, 2026 Auto Lending Fraud Trends Report, p. 5. Selected years; the 2010 value comes from the report's text.

• FROM THE FIELD

When one check gets stronger, fraud moves

Pay stubs → Invented employers

Once income documents were checked, schemes shifted to fake employers.

Made-up VINs → Copied real VINs

Invented VINs fail the check digit, so rings copy VINs from real cars.

The application → The vehicle

With the borrower checked up front, the car and its title become the target.



The fraudster is increasingly the borrower

69%

Share of fraud exposure that is first-party fraud

+44%

Affordability risk vs. 2017, which the report ties to misstated income

17,300+

Fake employers identified so far, used to invent income

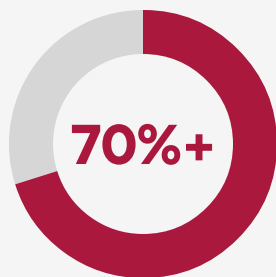
Sources: Point Predictive, 2026 Auto Lending Fraud Trends Report, pp. 6, 9, 20; dark panel, VINify field experience.

02 • WHAT EARLY DEFAULTS REVEAL

More than 7 in 10 early payment defaults show evidence of origination fraud

Lenders invested heavily in identity verification and third-party fraud detection, and in Point Predictive's words, "those defenses worked." But an identity check confirms who is applying. It cannot flag a real person who never intends to pay, or a deal built to fail. Point Predictive treats early payment defaults as one of the strongest indicators of origination fraud, because a loan built on false information tends to fail fast.

Early payment defaults



- **More than 70%** contain evidence of origination fraud
- All other early payment defaults

Early payment default index

Loans that default in their first 90 days, with 2017 set at 100. A reading of 212 means about twice the 2017 level.



The index is nearly back to its 2022 peak of 216 and, unlike Point Predictive's synthetic identity and affordability indexes, has barely come down. That suggests some losses booked as credit losses are fraud that was never identified.



• FROM THE FIELD

Deferred payments hide some fraud past 90 days

Refinances often defer the first payment. A loan stacked on a car that never left the lot can stay current past 90 days, then fail and be booked as a credit loss, when the car is far harder to recover.



QUESTION FOR YOUR TEAM

When a loan defaults early, do we check what happened to the vehicle before booking it as a credit loss?

Sources: Point Predictive, 2026 Auto Lending Fraud Trends Report, pp. 4, 10; dark panel, VINify field experience.

03 • WHERE THE LOSSES COME FROM

The schemes differ. Every one is secured by a vehicle.

Most of these schemes start at application. Whichever one is behind a loan, the vehicle is what the lender has to recover if that loan fails.

Share of 2025 auto lending fraud exposure, by category**\$10.4B in total****Income and employment misrepresentation**

45.2% · \$4.68B · +21% in 2025

Synthetic identity and credit washing

24.0% · \$2.52B · +7% in 2025

True-name identity theft

15.4% · \$1.60B · flat

Powerbooking and collateral fraud

7.2% · \$750M · +19% in 2025

Straw purchases

5.8% · \$600M · stable

Bust-out fraud

2.4% · \$250M · +83% in reported cases since 2021

Patterns behind the numbers

**14.5 months**

Average time a synthetic identity is built up before it is used to borrow

**5x**

Rise in credit washing alerts from 2019 to 2024

**Data breach**

Claimed in disputes to remove legitimate negative tradelines

**GA · MS · TX**

Highest fraud risk per capita, by applicant home address

**6.3x**

Fraud risk on the GMC Sierra 3500HD, the highest of any model

**QUESTION FOR YOUR TEAM**

After a loan funds, what would tell us fraud is under way before a payment is missed?

Sources: Point Predictive, 2026 Auto Lending Fraud Trends Report, pp. 6, 12–15, 26, 28.

04 • THE TITLE BECOMES THE TARGET

Title washing takes the lender off the title

Many schemes pay out through the vehicle, and after funding the lender's lien on the title is what stands in the way. Point Predictive calls title washing “the silent threat rising in 2026” and identifies three schemes driving losses.



Fake lien release

A forged release goes to a DMV clerk with no real-time view of lender records. A clean title is issued and the car is resold.



Transport lien

A shell company files a lien for transport that never happened. Uncontested, it gets a clean title through summary foreclosure.

Florida is a primary target



Bounced payoff

A large fake payment drops the payoff. The car is traded in before the payment bounces 72 hours later. The lender loses the balance and the collateral.

“The lender is the last to know.”

Point Predictive

Most states do not notify lienholders when a title is transferred or a lien is removed. In Oregon, consortium members report rings using a process meant for abandoned vehicles to get clean titles on financed cars. When lenders contacted the Oregon DMV, it redacted the claimants' details and said vetting documents is outside its scope.

● FROM THE FIELD

Caught early, a washed title can be challenged

A lender that spots a new title early can contest it as fraud before the car is resold or shipped. One that learns at repossession is often chasing a car already gone.



A clean title opens the door to export

U.S. Customs requires the lienholder's written consent to export a used vehicle with a recorded lien. A washed title removes that check. Documents are due at least 72 hours before export, so an export filing is one of the last warnings a lender can get.



QUESTION FOR YOUR TEAM

If our lien were removed from a title tomorrow, would anyone tell us?

Sources: Point Predictive, 2026 Auto Lending Fraud Trends Report, p. 19; U.S. Customs and Border Protection, “Exporting a Motor Vehicle”; dark panel, VINify field experience.

05 • INSIDE FOUR SCHEMES • FROM THE FIELD

Four schemes, seen from the vehicle's side

Point Predictive counts 5,621 bust-out cases in 2025, up 83% since 2021. The four schemes below, from VINify's field experience, show how such losses unfold after funding, and where each leaves a trace on the vehicle's record.



One car, three loans

- An unsold car on a dealer lot is financed outside the dealer.
- It is refinanced twice more, each with the first payment deferred.
- **Three loans, one car that never moved. Every loan looks current.**

WHERE IT SHOWS A second lienholder, often in another state



The cloned export

- A real VIN is copied from a car on a lot, at auction or paid off.
- It goes on a similar car shipped overseas. No lien, no consent needed.
- **The real car stays here, carrying an export record into its next loan.**

WHERE IT SHOWS An export filing on a VIN whose car is still in the country



The repossession buyout

- A borrower facing repossession answers an ad: hand over the keys.
- The lien is stripped in another state, or through a mechanic's lien.
- **The car is resold or shipped while the lender still holds the loan.**

WHERE IT SHOWS A new title issued without the original lien



The new-car title and ship

- A new car with no history looks clean. No one expects a lien.
- Its certificate of origin goes to a state that titles quickly.
- **It is titled and shipped in days, still listed in inventory.**

WHERE IT SHOWS A title on a car still in inventory, then an export filing



QUESTION FOR YOUR TEAM

If the same vehicle were financed again by another lender, would we know?

Schemes: illustrative, simplified from the field experience of VINify's fraud team. Bust-out figures: Point Predictive, 2026 Auto Lending Fraud Trends Report, p. 12.

06 • WHY LENDERS FIND OUT LATE

A healthy loan can hide a washed title

	Application	Funding	Payments current	Default
What the lender sees	Identity, income and credit checks	Loan funded, lien recorded	Payments arrive on time. The loan looks healthy.	Payments missed; repossession order sent
What can happen to the vehicle	Vehicle and title check out	Vehicle drives off the lot	Re-titled out of state Lien removed from title New lienholder, new title Export filing made	Vehicle sold or shipped; title shows no lien

The visibility gap: no missed payment, no alert

Servicing systems track the loan, not the vehicle. By the time a lender discovers the lien is gone, Point Predictive notes, “the borrower has often already sold the vehicle or used it as collateral elsewhere.”

● FROM THE FIELD Why a clean check at funding proves little

New cars are favored. No history looks clean, and no one expects a lien.

History reports lag. A recent lien or title can be missing for a while.

Liens record late. A check at funding can't see a lien another lender hasn't filed yet.

Warning signs show up in servicing, not underwriting

 <p>Repossession order with no title on file</p>	 <p>Loan flagged unperfected after a refinance</p>	 <p>Rate automatically moved to an unsecured tier</p>	 <p>Large payment near a payoff quote</p>
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QUESTION FOR YOUR TEAM

Between funding and the first missed payment, who is watching the vehicle?

Diagram: an illustrative title-washing case, not to scale. Sources: Point Predictive, 2026 Auto Lending Fraud Trends Report, p. 19; dark panel, VINify field experience.

07 · QUESTIONS WORTH ASKING

Questions worth asking your teams

Fraud moves to the lender that isn't watching. The answers often sit between teams, so these are worth asking together.



Visibility after funding

- 1 After a loan funds, what would tell us fraud is under way before a payment is missed?
- 2 If our lien were removed from a title tomorrow, would anyone tell us?
- 3 If the same vehicle were financed again by another lender, would we know?
- 4 If a vehicle we finance were filed for export, could we act before it left the country?
- 5 If the VIN of a car we finance turned up on an export filing while our borrower still drives it, would we know?



Speed of discovery

- 6 How long does it take us today to learn of a vehicle problem: days, months, or not until repossession?
- 7 How often does a repossession order go out on a vehicle whose title status we have not confirmed?



Ownership across teams

- 8 Between funding and the first missed payment, who is watching the vehicle?
- 9 Do our Financial Crimes and organized crime teams see title and export changes before collections and recovery do?



How losses are classified

- 10 When a loan defaults early, do we check what happened to the vehicle before booking it as a credit loss?
- 11 When a loan is flagged unperfected or moved to an unsecured rate tier, does anyone ask whether fraud is the reason?

12

Which of these signals reach us today, and how soon: a re-title, a lien removal, a new lienholder, an export filing or a theft record?

About VINify. VINify monitors the title on every vehicle in a lender's portfolio across state lines, every 48 hours. GetVINify.com · (833) 639-0330 · **Bethanie Nonami** · Bethanie@getvinify.com