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Behind on car lease payments: What to do?

By Sally Hengstad

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Dear To Her Credit,

I have fallen behind on my car lease (70 days). The supervisor at the leasing company told me that if I did not make one month's payment by this Friday, she would put the car in for repossession! I am behind on all my bills -- including eight months behind on my house. We are moving to my in-laws' house in another part of Florida, and we need the car to look for jobs.

I don't want to steal the car -- I just want to hold on to it for a month or so until we get settled and then we can make payments and keep the car or have them repossess it and get another cheaper car. They won't know where we are. I don't think our car has a tracer built in. It is a 2007 Toyota Camry. We don't want to do anything illegal and go to jail, but we need a car. What should we do?

I asked them for more time, but they said no. Is there any way to get out of this lease because I heard that if they take the car and sell it for less than I owe I would still owe them the difference. Is this true? -- *Mary*



Dear Mary,

I'm sorry to hear you are in this predicament. Looking back, you can see that leasing a late-model car was not a good idea. Leasing is a very expensive way to get a car.

The first thing you should do now is write to the leasing company and ask for an extension. Joshua P. Friedman, a collections and judgment enforcement attorney in Los Angeles, says, "In these financial times, lots of leasing companies will provide additional credit when and where justified. The reader needs to have a reasonable and justifiable reason for falling behind on payments (i.e., recent family illness requiring large medical payments) and a reasonable plan as to how to get back on track. Otherwise, no leasing company will extend further credit."

While you are trying to work things out with the leasing company, you don't have to make it easy for them to repossess your car. In most states, no one can break into private property or breach the peace without a judgment and court order. That's trespassing. (Check the laws in your state.) "But the repo man can take my car when parked on a public street," says Friedman. If you have to park on the street, don't just park it a block or two away. They'll find it.

Don't try to keep the car if you can't get an extension on your lease or work something out, however. Keeping the car away from the reposessor may not be "stealing" under the law, but it's close. Friedman explains, "Since this is a civil matter based on a breach of contract (the lease is the contract in this case), there is most likely no criminal liability here, but only civil liability. Therefore, it is not 'stealing' but rather 'conversion' (which is the civil version of stealing)." He says, "Avoiding and hiding the automobile is not the proper way to handle this matter. It most likely will only increase costs and penalties that the reader will eventually be liable for anyway due to increased attorneys' fees, repossession fees, etc."

Yes, it is true that if you lose the car, you may still owe money. You have no control over what they sell the car for or how many expenses they tack on. Read your lease document carefully. ll

To Her Credit



Sally Hengstad is a certified public accountant and the author of "Help! I Can't Pay My Bills: Surviving a Financial Crisis" (St. Martin's Press 2006)

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determines what you have to pay.

I hope you can get an extension or somehow find enough money to keep your car. Losing a car to repossession is a difficult thing to go through.

I wish you all the best as you move and look for new jobs.

Take care of your credit!

See related: Unpaid car lease fees can ruin your credit. Don't walk away from a lease

Sally Hengstad writes about women and credit every week for CreditCards.com. Hengstad is a writer and finance consultant for MSN Money, a personal finance software product. She is also a member of the Washington Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Her Web site is <http://helpicanpaymybills.net>. Sally Hengstad lives in Kent, Wash., with her husband Gary. They have two grown children, Vella and Grant.

To Her Credit answers a question about a debt or credit issue from a CreditCards.com reader each week. Send your question to Sally.

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