More than Half of Consumers Paid for Major Car Repairs in the Last Five Years, According to an Ally Survey

Four in five who reported repairs spent $500 or more, while Federal Reserve data finds 41 percent of Americans can't afford an unexpected $400 expense

DETROIT, July 31, 2018 -- Many American drivers who have to pay for unexpected, major car repairs could be at risk of facing costs they cannot afford.

Fifty-one percent of consumers reported paying for major vehicle repairs in the last five years, according to a survey of more than 2,000 Americans conducted online for Ally Financial by The Harris Poll. Of consumers who reported paying for repairs, four in five (80 percent) said they spent $500 or more, and nearly three in five (58 percent) said they spent $1,000 or more. One in three (33 percent) said they spent $2,000 or more.

Meanwhile, a 2018 Federal Reserve study found that when faced with an unexpected $400 emergency expense, 41 percent of adults either could not pay the expense, or would need to borrow money or sell something to cover it. This means that a significant portion of drivers who are faced with unexpected repairs could not cover them out-of-pocket.

"Expensive car repairs can cause serious financial stress, especially for those with little or no emergency savings," said Mark Manzo, president of Ally Insurance. "Most major vehicle repairs come unexpectedly, and standard insurance policies usually only cover repairs in case of accidents. The rise of complex vehicle technology and the increase in the number of used vehicles on the road have only made repairs more expensive and frequent."

There is a solution that could help many consumers – vehicle service contracts (VSCs), which cover repairs that often are not covered by factory warranties or are no longer covered by expired warranties. Only 18 percent of those surveyed reported buying a VSC in the last five years. Nearly three in five (59 percent) of those who had purchased VSCs said the peace of mind that comes from knowing repairs are covered was the top motivator for buying the coverage.

"Service contracts provide customers with the security of knowing they don't have to worry about car repair bills derailing their budgets or putting them in debt," Manzo added. "Payments for some VSCs can be rolled into regular auto payments, making it easier for consumers to budget and map out their expenses ahead of time. You can't know when to expect the unexpected, but you can plan ahead by talking to your dealer about vehicle service contracts."

Ally Premier Protection vehicle service contracts cover more than 7,400 vehicle components and offer additional benefits including rental reimbursement, roadside assistance and reimbursement for trip interruption caused by a breakdown. For more information, ask your local dealer about Ally Premier Protection or visit our Ally Premier Protection website.

Methodology

The survey was conducted online within the United States by The Harris Poll on behalf of Ally from January 5-9, 2018 among 2,064 U.S. adults ages 18 and older. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

About Ally Financial Inc.
Ally Financial Inc. (NYSE: ALLY) is a leading digital financial services company with assets of $171.3 billion as of June 30, 2018. As a client-centric company with passionate customer service and innovative financial solutions, Ally is relentlessly focused on "Doing Right" and being a trusted financial partner for its consumer, commercial, and corporate customers. Ally's award-winning online bank (Ally Bank, Member FDIC and Equal Housing Lender) offers mortgage-lending services and a variety of deposit and other banking products, including CDs, online savings, money market and checking accounts, and IRA products. Ally also promotes the Ally CashBack Credit Card. Additionally, Ally offers securities brokerage and investment advisory services through Ally Invest. Ally remains one of the largest full-service auto finance operations in the country with a complementary auto-focused insurance business, which together serve more than 18,000 dealer customers and millions of auto consumers. Ally's robust corporate finance business offers capital for equity sponsors and middle-market companies.

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Contact:
Brenda Rios
Ally
Brenda.rios@ally.com

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