

Undisputed? Allegations of Inconsistent Communications from Auto Lender Survive Motion to Dismiss

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In *Hindle v. Toyota Motor Credit Corporation*, 2018 WL 6033484 (D. Mass. Nov. 16, 2018), Plaintiffs alleged that they wanted to own their Prius rather than continue to lease it in order to lower their monthly payments. Plaintiffs coordinated with their dealer to buy out the lease from Toyota Motor Credit Corporation (TMCC) and then have the dealer make a loan to Plaintiffs. However, the transaction was not fully consummated. The dealer paid off the lease, but Plaintiffs never executed the necessary paperwork to complete the loan and purchase the car. Despite not having completed the loan paperwork, TMCC allegedly informed one of the Plaintiffs that the dealer was the Prius' new owner. TMCC also sent a letter to one of the Plaintiffs stating that the lease was terminated. Plaintiffs ultimately returned the car to the dealer thinking that their obligations had been concluded.

However, in the ensuing days, one of the Plaintiffs allegedly received an email from TMCC stating that the monthly lease statement was available. This Plaintiff was subsequently told by TMCC that it had "reactivated" the lease. Plaintiffs did not make the lease payments and TMCC began reporting the account as "late and undisputed." Plaintiffs disputed this reporting with Equifax, Transunion, and Experian because they allegedly thought that the lease had been terminated due to TMCC's earlier communications. TMCC did not change its reporting after Plaintiffs submitted their dispute.

Plaintiffs filed suit against TMCC for breach of the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681s-2(b), on the basis that TMCC's reporting of the lease account as "undisputed" was "misleading." TMCC claimed that the dispute was "meritless." However, the Court held that the Plaintiffs' allegations related to TMCC's differing communications about the status of the lease were sufficient at the motion to dismiss stage of the case forcing the parties to litigate further whether the account was "undisputed" or not.

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