

July 24, 2007

## **Best practices – Video recording transactions**

This year's columns have been dedicated to describing this whole thing called compliance. We are now in the process of describing best practices that, if implemented, are designed to help reduce exposure to litigation and regulatory inquiries. Today's topic is video recording of F&I transactions.

### **Background**

Many of the charges in lawsuits I have been involved in as an expert witness revolve around alleged verbal promises that are contrary to the written word. Examples include, "I was told this was the best rate", "The F&I Manager told me I had to buy gap to get the loan" and "She lowered the rate only if I purchased a service contract."

### **Best Practices**

Some dealers are now video recording the F&I transactions for a number of reasons. These include:

- Training purposes
- Identity theft deterrence
- Proof the dealer was right
- Evidence of an enhanced compliance program

#### *Training purposes*

Reviewing a sampling of the video recorded transactions for both sales technique and compliance issues will improve the processes in the F&I departments. Assign a reasonable number of reviews to be completed monthly by a manager responsible for the F&I Managers. Five transactions seem to be a good starting point. If you find issues on the five transactions, look at a few more.

Make sure you document your findings and any corrective action you implemented as a result of the review.

#### *Identity theft deterrence*

Surprisingly, an identity thief does not want to be captured on camera (he said factiously). You should consider video recording the F&I transaction as part of your identity theft deterrence program.

#### *Proof*

Probably the best way to make a complaint go away is to show the video transaction to the customer. I have heard of occasions where an owner reminds the customer that the transaction was recorded and offers to review the transaction and the customer's complaint disappears.

#### *Evidence*

If something goes awry, and a rogue employee messes up a deal, having a solid compliance program, including video recording transactions and documentation of reviews and corrective actions may convince a judge or a regulator that this one case is an aberration. The end result is that the potential penalty may be reduced because you have a program in place.

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