

Missouri Supreme Court Holds Consumer Arbitration Agreements Enforceable

Alert

07.18.2022

By Ashley Crisafulli and Megan McCurdy

On Tuesday, July 12, 2022, the Missouri Supreme Court issued a [unanimous opinion](#) in *Bridgecrest Acceptance Corporation v. Kelly Donaldson and Robert Haulcy*, No. SC99269 and *Bridgecrest Acceptance Corporation v. Christopher Jones*, No. SC99270, reversing lower court decisions which injected significant uncertainty as to the enforceability of consumer arbitration agreements in Missouri.

In the *Bridgecrest* cases, consumers entered into retail installment sale contracts for the purchase of vehicles from a dealer, who later assigned the contracts to finance company Bridgecrest Acceptance Corporation. After the consumers defaulted on their respective car loans, Bridgecrest repossessed the vehicles and filed petitions for the deficiency in the St. Louis County Circuit Court. Consumers asserted counterclaims, raising putative class claims for unlawful and deceptive practices in violation of the Uniform Commercial Code (UCC). Both trial courts denied Bridgecrest's attempts to compel arbitration in accordance with the arbitration agreements. The Missouri Court of Appeals for the Eastern Division held that the arbitration agreements were invalid because they did not have consideration separate and apart from the installment contracts and that the contracts were unenforceable because Bridgecrest could exercise non-adjudicatory self-help remedies without waiving its arbitration rights.

The Missouri Supreme Court's unanimous decision, written by Judge W. Brent Powell, reversed the lower court decisions and held that the consumer arbitration agreements in question were valid and enforceable. The Court found that the retail installment contracts and referenced arbitration agreements were part of singular contracts and therefore, the consideration in exchange for the installment contracts was adequate to support the arbitration agreements. Contrary to consumers' argument, the Court found that under the Federal Arbitration Act, the arbitration agreements did not need separate consideration. The Court also dismissed consumers' argument that the arbitration agreements were one-sided and lacked mutuality. The

Missouri Supreme Court Holds Consumer Arbitration Agreements Enforceable

Court found that anti-waiver provisions in the arbitration agreements were not unconscionable because they did not exempt Bridgecrest's claims from arbitration while compelling consumers to arbitrate relevant accompanying defenses, affirmative defenses and counterclaims. Additionally, the Court held that excluding self-help remedies from an arbitration agreement did not automatically render the agreements illusory even when repossession was a primary remedy.

Various organizations, including the American Financial Services Association, Chamber of Commerce of the United States of America, Heartland Credit Union, Missouri Bankers Association, Missouri Chamber of Commerce and Industry, and the Missouri Installment Lenders Association filed amicus curiae briefs with the Court in support of lenders, arguing that uncertainty as to the enforceability of consumer arbitration agreements across Missouri would be detrimental to their members, consumers and the economy. They argued that in order to provide Missouri consumers competitive lending products, there must be rational and coherent arbitration authority in the courts. The Missouri Supreme Court's unanimous decision, finding the consumer arbitration agreement enforceable, suggests that Missouri case law is trending closer to federal case law interpreting the Federal Arbitration Act.

CONTACTS

Ashley M. Crisafulli

Megan McCurdy

RELATED CAPABILITIES

Business Litigation

Class Action

STINSON

STINSON LLP \ STINSON.COM