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Office of the Attorney General Consumer Alert — Student Loan Scams

You recently graduated from college and now you need to figure out how to pay off your student loans. You start to see ads on the internet that say “Obama Wants to Forgive Your Student Loans!” or “Get Rid of Student Loan Debt NOW!” You click on one of the ads and go to a website for a company that says it can help with your student loan debt. When you call the company, a representative promises to lower your monthly payments by hundreds of dollars for an upfront fee of “only \$800.” What should you do?

Repaying your student loans can be an overwhelming, complicated, and intimidating experience. As many former students find themselves struggling with rising debt, there has been an increase in student loan debt relief scams. Many of these scams take advantage of consumers by offering bogus services and charging high fees for loan consolidations that can be obtained for **free** through federal government programs. Scammers will target borrowers through online ads, social media, phone calls, and even mail sent to your home.

What are some warning signs of a student loan debt relief scam?

You are required to pay up-front fees. If a company or other debt relief organization charges you an up-front fee to reduce your debt, it is likely a scam. In many instances, it is illegal under D.C. and federal law for companies to charge advance fees for debt relief services, particularly if you enroll in a program over the phone.

The company has “federal,” “national” or other official-sounding words in its name or claims it has a relationship with the government. Borrowers might think private companies are affiliated with the government based on the names of the companies when, in fact, the companies are separate entities that are charging fees for services the government provides for free. Scam companies may also falsely suggest that they are affiliated with the federal government based on their logos and even their website addresses in order to trick consumers into paying fees for free federal program benefits. If a company claims that it has a special relationship with the government or the Department of Education, it is likely a scam.

You are asked to provide your Federal Student Aid (FSA) PIN. The U.S. Department of Education advises borrowers against sharing their four-digit PIN with others. If you provide this information to a student debt relief company, the company may make changes in your account that you do not want, such as directing future notices to it instead of you. These changes may lead to problems, such as defaulting on a loan.

You are promised immediate relief, forgiveness of your loans or that the company will get you out of default. You should be wary of ads that offer unrealistic-sounding services like complete loan forgiveness or immediate loan reduction. Beware of phrases like “Get Your Student Loans Forgiven Now!” or “Guaranteed Results!” or “Consolidate Your Loans for a Limited Time Only!” When you’re ready to consolidate your student loans or switch repayment plans, ignore websites that don’t



Connect with the Office of the Attorney General

441 4th Street, NW., Washington, DC 20001

Phone: (202) 727-3400 Fax: (202) 347-8922 TTY: (202) 727-3400

Email: Consumer.Protection@dc.gov

CONSUMER HOTLINE — (202) 442-9828

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include “.gov” in their addresses, or that don’t belong to one of the government’s official loan servicers.

What are your rights? Where can you get help?

If you have federal student loans, you should not have to pay to consolidate your loans or switch payment plans. The U.S. Department of Education offers free services to borrowers who wish to consolidate their loans. The Department of Education also offers numerous repayment plans, including plans that let borrowers set their monthly payments based on their income. Depending on the types of loans, consolidating some loans may exclude you from certain types of loan forgiveness programs. For more information regarding these free services, please visit the Office of the Attorney General’s Student Loan Resource Guide at oag.dc.gov/StudentLoans.

You should never have to pay for information about how to repay your student loans. If you took out federal student loans to help pay for college, assistance is always available to you for free through the U.S. Department of Education (studentaid.ed.gov or 877-557-2575) or your federal loan servicer—the company to whom you make payments. You may also want to contact your school’s financial aid office. If you need information about private loans, you should contact your loan servicer for assistance.

It can be difficult to know where to go for help when you are having trouble making your student loan payments. If you have borrowed from a private lender, often that lender will consider different repayment plans if you cannot afford your payments. If you have federal loans, remember only the U.S. Department of Education can consolidate, forgive, or lower the amount you pay on your federal loans, and it’s always free to work with your loan servicer or the federal government directly to change your repayment terms if needed.

For more information, please visit the Office of the Attorney General’s Student Loan Resource Guide at oag.dc.gov/StudentLoans. There are also many other organizations that provide free advice regarding student debt relief for both federal and private loans, including:

National Consumer Law Center’s Student Loan Borrower Assistance Project:
<http://www.studentloanborrowerassistance.org>

Consumer Financial Protection Bureau:
<http://www.consumerfinance.gov/paying-for-college/repay-student-debt>

Department of Education’s Federal Student Aid Office:
<https://studentaid.ed.gov/sa/repay-loans>

What should I do if I’m the victim of a student loan debt relief scam?

You can file a complaint with the District of Columbia Attorney General’s Office of Consumer Protection by calling our Consumer Hotline at (202) 442-9828, emailing us (consumer.protection@dc.gov), or by writing to the **Office of Consumer Protection** at the Office of the Attorney General, 441 4th Street NW, Suite 600-S, Washington, DC 20001.

You can also contact the **U.S. Department of Education** by calling 877-557-2575, or by writing to the U.S. Department of Education, FSA Ombudsman Group, P.O. Box 1843, Monticello, KY 42633. You may also submit complaints to the Department of Education online at <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>.

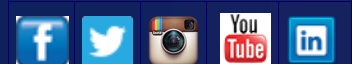


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