

DATCP: Consumer alert: Student loan debt scams

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MADISON, Wis. – As the result of an August 24th announcement, the pause on federal student loan repayment has been extended through December 31, 2022. Several changes have also been made to Department of Education policy, including debt forgiveness, income-driven repayment plans, and the Public Service Loan Forgiveness program.

In light of this announcement, student loan borrowers across Wisconsin and the U.S. are eager to secure the best possible deal on their repayment plan. Scammers know this and target student loan borrowers with appealing, but illegitimate, offers. These 'student loan debt relief companies' claim they can help borrowers achieve debt forgiveness or cancellation, reduce their monthly payments, consolidate loans, and more for a price. Consumers are advised that the offers these companies make can typically be done by borrowers themselves for free. Be wary of:

- Upfront fees or charges.
- Promises that sound too good to be true.
- High pressure sales tactics like "limited time offers."
- Claims of a special relationship with the federal government or Department of Education.
- Requests for your Federal Student Aid (FSA) ID, or for you to sign a form granting third-party authorization or power of attorney.

Granting a scammer your FSA ID, third-party authorization, or power of attorney will allow them to access your account, take control of your personal information, and change your contact info and payment details without your knowledge. It can be difficult to recover your account after a scammer gains control over it, and the best way for borrowers to protect themselves from student loan debt fraud is to prevent

it from happening. If you are victimized by a fraudulent student loan debt relief company:

- File a complaint with the Wisconsin Department of Agriculture, Trade and Consumer Protection's (DATCP) Bureau of Consumer Protection.
- Change your FSA ID and account passwords.
- Contact your loan servicer to revoke any third-party authorization or power of attorney on file, and confirm no unwanted actions were taken on your loans.
- Contact your financial institutions to request that payments to the company be stopped.

Trusted resources for student loan debt information and questions include [Look Forward to Your Future](#) by the Wisconsin Department of Financial Institutions, the Wisconsin Student Loan Debt Hotline at 833-589-0750, and [StudentAid.gov](#).

For additional information and resources or to file a complaint, visit DATCP's Consumer Protection webpage at [ConsumerProtection.wi.gov](#). If you have questions or believe you are a victim of a scam, report it by calling DATCP's Consumer Protection Hotline at 1-800-422-7128 or emailing DATCPHotline@wi.gov.