



Student Loan Debt Relief Scams

Paying back student loans can be overwhelming. So-called student loan debt relief companies promise to defer, lower, consolidate, or eliminate federal student debt, but end up costing you more money and may not reduce your federal student loan debt at all. These companies typically offer services, for a fee, you can get for free from the federal government or your loan servicer. Often these companies are just fraudsters who are after your money. It is important to know the signs of a scam.

There is nothing a student loan debt relief company can do for you that you cannot do yourself for free.

Signs of a student loan debt relief scam

Requests for upfront fees. If a company charges you an upfront fee to reduce your debt, it is likely a scam. If you pay upfront to reduce or get rid of your student loan debt, you might not get any help — or your money back.

Promises of immediate loan forgiveness or cancellation. Before they know the details of your situation, scammers might say they can quickly get rid of your loans through a loan forgiveness program — programs most people will not qualify for. Scammers might also say they will wipe out your loans by disputing them. But they cannot do either.

Requests for your Federal Student Aid (FSA) ID. Some scammers claim they need your FSA ID to help you. Do not share your FSA ID with anyone. Dishonest people could use that information to get into your account and take control of your personal information.

Limited time offers. To get you to act fast, scammers may tell you that you could miss qualifying for repayment plans, loan consolidation, or loan forgiveness programs if you do not sign up right away. Take your time and check it out.

Requests to sign a third-party authorization form or a power of attorney. These written agreements give a company legal permission to talk directly to your



federal loan servicer and make decisions on your behalf. Scammers often want these authorizations so they can change your contact and payment information and then you do not know they stopped making payments on your student loan.

Claims that the program has a special relationship with the government or Department of Education.

Scammers use official-looking names, seals and logos, and tell you they have special access to certain repayment plans, new federal loan consolidations, or loan forgiveness programs. They do not. If you have federal loans, go to the Department of Education directly at [StudentAid.gov](https://studentaid.gov).

What to do if you are a victim of a scam

If you believe you have been victimized by a fraudulent student debt relief company, follow-up with these recommended steps as soon as possible:

File a complaint with the Bureau of Consumer Protection at datcp.wi.gov.

Change your FSA ID. Do not share your new FSA ID password with anyone.

Contact your loan servicer. Revoke any power of attorney or third-party authorization agreement that your servicer has on file. Make sure no unwanted actions were taken on your loans.

Contact your bank or credit card company. Request that payments to the student debt relief company be stopped.

Where to find FREE help for student loan debt

If you have a federal student loan, free loan assistance is available through the U.S. Department of Education at [StudentAid.gov](https://studentaid.gov) or from your federal loan servicer (the company you pay). If you have a private loan, you should contact the private lender directly for assistance.

Helpful resources

Visit the Wisconsin Department of Financial Institutions' webpage "[Look Forward to Your Future](#)" for resources for parents and students on planning for and repaying student debt, including the *College & Career Readiness Guide*.

lookforwardwi.gov

For more information or to file a complaint, visit our website or contact:

Wisconsin Department of Agriculture,
Trade and Consumer Protection
Bureau of Consumer Protection
2811 Agriculture Drive, PO Box 8911
Madison, WI 53708-8911

Email: DATCPHotline@wi.gov

Website: datcp.wi.gov

(800) 422-7128 TTY: (608) 224-5058

(Some information taken from the FTC and U.S. Department of Education's webpages.)