



# Ozarka College

*Providing life-changing experiences through education.*

## Avoiding Student Aid Scams

<https://studentaid.gov/resources/scams>

### **SAVE YOUR MONEY**

#### **You Don't Have to Pay for Help Finding Money for College or Career School**

Commercial financial aid advice services can cost well over \$1,000. Of course, simply charging for help or information that's available for free elsewhere is not fraudulent. However, if a company doesn't deliver what it promises, it's scamming you.

If you're unsure whether to pay a company for help finding financial aid, stop and think for a minute: What's being offered? Is the service going to be worth your money? Do the claims seem too good to be true? You might have heard or seen these claims at seminars, over the phone from telemarketers, or online:

- "Buy now or miss this opportunity." Don't give in to pressure tactics. Remember, the "opportunity" is a chance to pay for information you could find yourself for free.
- "We guarantee you'll get aid." A company could claim it fulfilled its promise if you were offered student loans or a \$200 scholarship. Is that worth a fee of \$1,000 or more?
- "I've got aid for you; give me your credit card or bank account number." Never give out a credit card or bank account number unless you know the organization you are giving it to is legitimate. You could be putting yourself at risk of identity theft.

Here is some free information about ways to pay for college.

#### **You Don't Have to Pay for Help With the FAFSA® Form**

Several websites offer help filling out the FAFSA® form for a fee. These sites are not affiliated with or endorsed by the U.S. Department of Education (ED). We urge you not to pay these sites for assistance that you can get for free elsewhere. The official FAFSA form is available from [fafsa.gov](https://fafsa.gov), and you can get free help from

- the financial aid office at your college or the college(s) you're thinking about attending;
- the FAFSA form's online help; and
- the Federal Student Aid Information Center.

If you are asked for your credit card information while filling out the FAFSA form online, you are not at the official government site. Remember, the FAFSA site address has .gov in it!

#### **You Don't Have to Pay for Help With Your Federal Student Loans**

Many student loan debt relief companies charge a fee to provide services that you can take care of yourself for free by contacting your loan servicer. At no cost, the U.S. Department of Education and our federal loan servicers can help you

- lower your monthly loan payment;
- change your repayment plan;
- consolidate multiple federal student loans;

- postpone monthly payments while you're furthering your education or are unemployed;
- see if you qualify for loan forgiveness or other programs; and
- get your loans out of default.

Have questions or need help with your student loans? Contact your loan servicer or lender for FREE assistance.

### **Find Out Which Legitimate Companies the U.S. Department of Education (ED) Works With**

There are private companies (lenders, servicers, and private collection agencies) that work on behalf of ED.

ED contracts with loan servicers who handle the billing and other services on your federal student loans. Your federal loan servicer will work with you on repayment plans and loan consolidation and will assist you with other tasks related to your federal student loan. Find a list of our loan servicers here.

ED also works with private collection agencies (PCAs) to get federal student loan borrowers out of default and ensure defaulted borrowers are aware of their options. Here's a list of PCAs that work with ED. If you're in default, please contact ED's Default Resolution Group for personalized assistance at 1-800-621-3115.

These lenders, servicers, and PCAs are affiliated with ED and can be trusted, so you should contact them if you need assistance.

## ***PROTECT YOUR IDENTITY***

### **Reduce Your Risk of Identity Theft When Applying for Aid**

Identity theft can occur when criminals access personal data such as names, Social Security numbers, and bank and credit card information. Using the stolen data, the criminal can illegally obtain credit cards, set up mobile phone accounts, and more. Take the following precautions to reduce your risk when applying for federal student aid:

- Apply for federal student aid by filling out the FAFSA form at the official website or on our myStudentAid mobile app.
- After completing the FAFSA form online, exit the application and close the browser; any cookies created during your session will be deleted automatically.
- Don't tell anyone your FSA ID username or password, even if that person is helping you fill out the FAFSA form.
- Review your financial aid offers and keep track of the amounts you applied for and received.
- Never give personal information over the phone or internet unless you made the contact. If you have questions about an offer of aid or about your student loan account, ask your college or contact the Federal Student Aid Information Center.
- We securely store your information within the National Student Loan Data System (NSLDS®) database and provide access to it when you log in to your account. However, if you complete or even request a student loan application from a lender, you may be granting the lender permission to access your file. Before providing personal information to an organization, review its privacy policy.
- Keep receipts and documents (for example, credit applications or offers, checks and bank statements) with personal information in a safe place, and shred them when you are finished with them.
- Keep your purse or wallet safe at all times; store it and other items containing personal information in a secure place at home, especially if you have roommates.

- Immediately report all lost or stolen identification to the issuer (e.g., the credit card company or your state's Department of Motor Vehicles) and to the police, if appropriate.

### **Change Your FSA ID Password If It Has Been Shared**

Log in to your account using your username and password. Once logged in, change your "Account Information" in your account settings. You'll be prompted to enter your current password and choose a new password. Be sure to keep track of your new password and do not share it with anyone! If someone has access to your FSA ID information, they can make changes to your account without your permission.

If you cannot log in because you do not know your current username and/or password, retrieve your lost credentials.

Note: To retrieve your username or password, you'll either need to have a code sent to your mobile phone or your email address, or you'll need to answer your challenge questions. If a student loan debt relief company had access to your FSA ID, it's possible that they may have changed the email address or phone number associated with your account. If you don't have access to or haven't verified the mobile phone number or email address associated with your FSA ID, and you don't know the answers to your challenge questions, you will have to contact the Federal Student Aid Information Center at 1-800-433-3243. An agent will walk you through self-service options. If that does not resolve the situation, you will go through the FSA ID Account Recovery process. You'll send in copies of identification, and the email address on your account will reset to one you can access. This process takes 7–10 days from the time you send in your documentation.

### **How ED Keeps Your Information Safe**

We care about the privacy of your personal information. The information you share with us via our secure websites goes through a process called encryption. Encryption uses a mathematical formula to scramble your data into a format that is unreadable to a hacker. This is how we do our part to keep your information safe—but you need to do yours as well.

## ***BEWARE OF STUDENT LOAN DEBT RELIEF COMPANIES***

### **Identify a Student Loan Scam**

Borrowers have reported receiving phone calls, emails, letters, and/or texts offering them relief from their federal student loans or warning them that student loan forgiveness programs would end soon. Usually, the so-called student loan debt relief companies offering these types of services don't offer any relief at all. Often they're just fraudsters who are after your money.

Here are some examples of the false claims made in these communications:

- "Act immediately to qualify for student loan forgiveness before the program is discontinued."
- "You are now eligible to receive benefits from a recent law that has passed regarding federal student loans, including total forgiveness in some circumstances. Federal student loan programs may change. Please call within 30 days of receiving this notice."
- "Your student loans may qualify for complete discharge. Enrollments are first come, first served."
- "Student alerts: Your student loan is flagged for forgiveness pending verification. Call now!"

**Communications using this type of aggressive advertising to lure borrowers are NOT coming from the U.S. Department of Education (ED) or its partners.**

Here are some signs to help you identify a scam by a student loan debt relief company:

- **They require you to pay up-front or monthly fees for help.** If a company requires a fee before they actually do anything, that's a huge red flag—especially if they try to get your credit card

number or bank account information. In some cases, they may even step in and ask you to pay them directly, promising to pay your servicer each month when your bill comes due. Free assistance is available through your federal loan servicer.

- **They promise immediate and total loan forgiveness or cancellation.** No one can promise immediate and total loan forgiveness or cancellation. Most government forgiveness programs require many years of qualifying payments and/or employment in certain fields before your loans can be forgiven. Also, student loan debt relief companies do not have the ability to negotiate with your federal loan servicer for a “special deal” under the federal student loan programs. Payment levels under income-driven payment plans are set by federal law.
- **They ask for your FSA ID username and password.** ED or its partners will never ask you for your FSA ID password. Your FSA ID is used to sign legally binding documents electronically. It has the same legal status as a written signature. Do not give your FSA ID password to anyone or allow anyone to create an FSA ID for you. If a company has access to your FSA ID information, they can make changes to your account without your permission.
- **They ask you to sign and submit a third-party authorization form or a power of attorney.** These are written agreements giving the third party legal permission to talk directly to your federal loan servicer and make decisions on your behalf. Debt relief companies often want these authorizations so that they can change your account and contact information, so you don’t realize that they aren’t actually paying your monthly student loan bill.
- **They claim that their offer is limited and encourage you to act immediately.** Student loan debt relief companies often try to instill a sense of urgency by citing “new laws” or discontinuing programs as a way to encourage borrowers to contact them immediately. While there are some deadlines you need to meet regarding your student loans—for instance, if you’re paying under an income-driven repayment plan, you need to recertify annually—our programs are limited only by the eligibility requirements.
- **Their communications contain spelling and grammatical errors.** While many of the communications sent out by these companies look very formal (for example, fold-and-tear letters with safety patterns), they often contain spelling and grammatical errors. If you notice unusual capitalization, improper grammar, or incomplete sentences in the communication you receive, that’s likely a red flag that the company is not affiliated with ED.

For more tips on identifying a student loan scam, visit the Federal Trade Commission’s website.

### **How Student Loan Debt Relief Companies Work**

Student loan debt relief companies are private companies that provide (or claim to provide) student loan management services for a fee. Often these companies are charging for services you can easily manage yourself. They will say they can help reduce your monthly payment or get your loans forgiven, but after you pay, you might be worse off. You might not get the promised help or your money back, and the company may have made changes to your loan repayment plan that you didn’t authorize or want. If you stopped paying your loans, your credit could be damaged and your loan balances could balloon.

The tricky part is that, although these companies are not affiliated with ED, they sometimes claim to be. In their communications, these companies will claim to “work with the U.S. Department of Education” or claim to be “consumer advocacy groups.” In an effort to appear legitimate, some of these companies may even include your loan balance information in their communications. Remember: ED and our federal loan servicers will never charge fees to help borrowers with their student loans. If you’re asked to pay an up-front or maintenance fee, you’re not dealing with ED, so do not share your information.

If you’re not sure whether you can trust a company that contacts you, refer to this list of trusted companies that work with ED to provide student loan services.

### **List of Companies Banned From Debt Relief**

The Federal Trade Commission (FTC) and other government entities have taken action against many of these companies.

The problem is, many student loan debt relief companies operate under many different names and use many different phone numbers to avoid detection. Some even go as far as to reopen under different names after being sued or shut down. That's why it's important that you consult our list of trusted partners, and take steps to avoid these scams.

View the FTC's list of companies and people banned from debt relief.

## **REPORT FRAUD AND IDENTITY THEFT**

### **Report Financial Aid Fraud**

A company charging for financial aid advice is not committing fraud unless it doesn't deliver what it promises. For more information about financial aid fraud or to report fraud, contact the Federal Trade Commission and the Consumer Financial Protection Bureau.

### **Report Fraudulent Activity by a College or Career School**

Contact ED's Office of Inspector General Fraud Hotline to make a confidential report if you suspect your school or an individual of fraud, waste, or abuse involving federal student aid (e.g., Federal Pell Grants, Direct Loans, etc.).

Contact ED's Federal Student Aid Feedback Center if you believe that

- someone at your school has misrepresented any aspect of the educational program, its cost, or its outcomes; or
- the school's administration of the federal student aid programs, and/or the school's recruitment practices, may have violated federal regulations.

### **Report Identity Theft**

If you suspect that your student information has been stolen, it is important to act quickly. These offices will help you determine what steps to take depending on your situation:

- ED's Office of Inspector General Fraud Hotline
- Federal Trade Commission
- Social Security Administration
- Equifax Credit Bureau
- Experian Information Solutions
- TransUnion Credit Bureau

### **Report Student Loan Debt Relief Companies**

If you have already shared your information or paid a student loan debt relief company, you should do the following:

- Contact your federal loan servicer to revoke any power of attorney or third-party authorization agreement that your servicer has on file. You should also make sure no unwanted actions were taken on your loans.
- Contact your bank or credit card company, and request that payments to the company be stopped.
- File a complaint with the FTC.
- File a report of suspicious activity through our Feedback Center.

Also, be sure to log in and change your account password. Do NOT share your new account password with anyone!