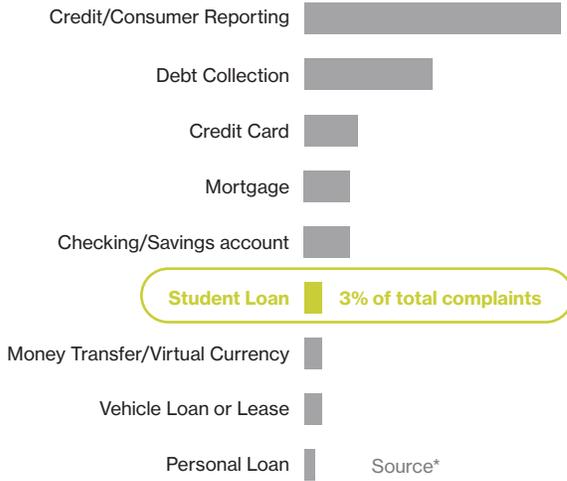


# Student Loan Complaints Are Very Low And the Majority Focus on Issues Outside a Servicer's Control

Recent **media coverage**, **court cases**, and **legislative proposals** paint a **very misleading picture** of student loans – often suggesting that borrowers are increasingly unhappy with their loan servicers. However, independent, federal regulatory data clearly debunks the student loan myths perpetuated by the media and others.

## Student Loan Complaints in Perspective



The Consumer Financial Protection Bureau (CFPB) collects [consumer complaint data](#) pertaining to a wide variety of issue areas. Complaints about student loans are a **very small fraction** of the complaints made by consumers each year – **in fact just 3%**. Further, CFPB complaints in all industries increased by 30% in the first quarter of 2020, compared to the same period in 2019, but student loan complaints have been trending in a very different direction.

Despite false characterizations, over the past several years, consumer complaints about student loans – **which were always low** – have **continued to decline** as servicers and lenders have continually worked to improve the borrower experience. For example, complaints about student loans decreased by 34% in the first quarter of 2020, compared to the same period in 2019.

## Student Loan Complaints Are Often Miscategorized

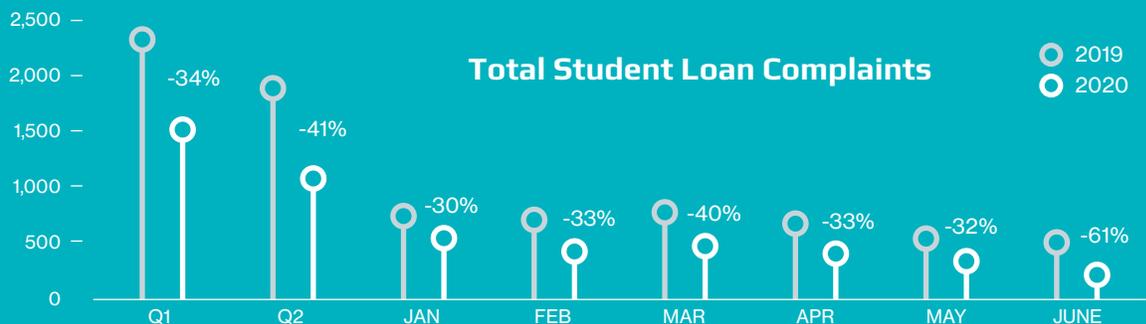
The American Enterprise Institute (AEI) [recently released a compelling report](#) demonstrating that CFPB consumer complaints about student loans are often mischaracterized as pertaining to student loan servicers. In fact, the majority of student loan complaints more frequently focus on borrower frustration with the terms and rules of federal and private loan programs and issues related to institutions of higher education. **These are not servicing issues.**

AEI found that **fewer than half** (44 percent) of consumer complaints filed under student loan servicing actually **pertain to the work of loan servicers** – and that is of unverified complaints. The analysis found that the majority (56 percent) of complaints in this category reference concerns completely outside of the control of loan servicers:

- 35%** of complaints pertained to the terms and rules of particular loan programs set by the federal government or lenders.
- 12%** of complaints pertained to issues with institutions of higher education, debt relief companies, or some other matter unrelated to student loan servicers.
- 9%** of complaints contained very little information or were unclear and could not be determined.

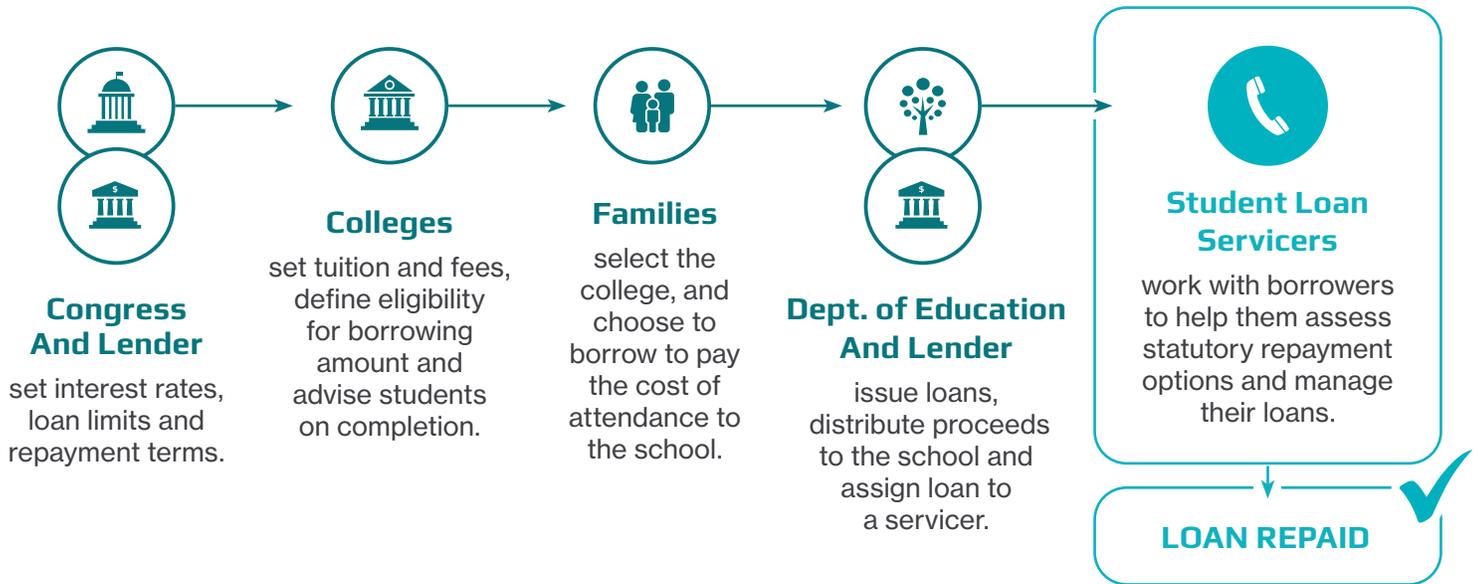
CFPB data has been **incorrectly used to overstate student loan servicing complaints** by defining any complaint about student loans as a servicing issue – **which is clearly not the case**. These misleading categorizations have led detractors to unfairly attack loan servicers and help policymakers ignore their vital role in improving the design of the federal student loan program – which makes nearly 90% of all student loans - to better support the needs of the millions of Americans who rely on student loans to help secure their future.

## CFPB STUDENT LOAN COMPLAINTS CONTINUE TO DECLINE



\*Source: <https://www.consumerfinance.gov/data-research/consumer-complaints/>

# The **Role** of Student Loan Servicers



## What Servicers **Can** & **Can't** Do

**✓ What Student Loan Servicers Do:**

- Help borrowers assess all available repayment options
- Help borrowers understand the repayment options available within their loan
- Offer income-based and forbearance options in times of need.

**✗ What Student Loan Servicers CAN'T Do:**

- Adjust loan interest rates or fees set by Congress or the lender
- Adjust repayment terms set by Congress or the lender
- Change tuition or fees set by chosen education institutions

## How to **Improve** Student Loans

To better improve student loan programs, [The Student Loan Servicing Alliance](#) recommends **common sense changes** that would **directly improve** a borrower's **understanding** and **experience**. Servicers seek to work in lock step with lawmakers to help ensure a fair, understandable & standardized student loan repayment process for all.

- EDUCATION:** States should create additional resources to educate constituents on loan options and how to resolve issues.
- SIMPLIFICATION:** Modernize federal loans to allow for data-sharing between the IRS and Department of Education to simplify IDR processes and provide cost savings.
- STANDARDIZATION:** Build a Common Servicing Manual to transparently document the common practices expected throughout a variety of topics impacting all loan stakeholders.
- PROTECTION:** Support bipartisan legislation to make it a criminal offense to misuse Department of Education loan access or defraud borrowers via debt relief scams.