

# Annual Report of the CFPB Student Loan Ombudsman

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# Executive Summary

The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. Law 111-203, (“Act”) established a Student Loan Ombudsman within the Consumer Financial Protection Bureau (CFPB). Pursuant to Section 1035(d) of the Act, the Ombudsman shall prepare an annual report to discuss the activities and effectiveness of the office in the prior year and submit the report to the Secretary of the Treasury, the Director of the Consumer Financial Protection Bureau, the Secretary of Education, and Congress.

This report meets the requirement set forth in the Act and analyzes complaints submitted by consumers between July 1, 2024 and June 30, 2025 (the 2024-2025 “Award Year”).<sup>1</sup> Top takeaways include:

- During the past Award Year (AY), the CFPB received a new annual record for student loan complaint volume with nearly 25,000 complaints. This total includes approximately 19,400 complaints related to federal student loans and 5,500 related to private student loans.<sup>2</sup>
- As in prior years, complaints reveal that thousands of borrowers describe experiencing consequential harms because of their lenders’ and servicers’ mistakes.<sup>3</sup> These problems have persisted for well over a decade and have been thoroughly documented in prior CFPB Student Loan Ombudsman reports and other publications.<sup>4</sup>

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<sup>1</sup> See 12 U.S.C. § 5535.

<sup>2</sup> Complaint data in this report are current as of September 1, 2025. Totals include student loan multiple student loan types (federal and private) and debt collection complaints that are tagged as being related to federal or private student loans. This report excludes some complaints that the CFPB received, including duplicates (*i.e.*, multiple complaints submitted by a given consumer on the same issue), whistleblower tips, and complaints that the CFPB deemed to be not actionable. Complaint numbers are rounded throughout the report; therefore, numbers and percentages may not sum to sub-totals or 100 percent.

<sup>3</sup> For more information on programmatic changes that occurred during the Award Year, *see* Section 2, Figure 2.

<sup>4</sup> See CONSUMER FIN. PROT. BUREAU, (Nov. 15, 2024); ANNUAL REPORT OF THE STUDENT LOAN OMBUDSMAN; *See also* Appendix A for a list of prior annual CFPB Student Loan Ombudsman reports discussing servicing issues; *See also* CONSUMER FIN. PROT. BUREAU, ISSUE SPOTLIGHT: FEDERAL STUDENT LOAN RETURN TO REPAYMENT (Jan. 2024), [https://files.consumerfinance.gov/f/documents/cfpb\\_federal-student-loan-return-to-repayment-report\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_federal-student-loan-return-to-repayment-report_2024-01.pdf); CONSUMER FIN. PROT. BUREAU, SUPERVISORY HIGHLIGHTS: SERVICING AND COLLECTION OF CONSUMER DEBT, ISSUE 34 (Jul. 2, 2024), <https://www.consumerfinance.gov/data-research/research-reports/supervisory-highlights-issue-34-summer-2024/>; CONSUMER FIN. PROT. BUREAU, CFPB BANS NAVIENT FROM FEDERAL STUDENT LOAN SERVICING (Sep. 12, 2024), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-bans-navient-from-federal-student-loan-servicing-and-orders-the-company-to-pay-120-million-for-wide-ranging-student-lending-failures/>; Proposed Stipulated Final Judgment and Order, in *CFPB v. Navient Corp.*, No. 3:17-cv-00101 (filed Sep. 12, 2024); and Compl. For Permanent Inj. And Other Relief, in *CFPB v. Navient Corp.*, No. 3:17-cv-00101 (filed Jan. 18, 2017).

- This year, entities were less likely to adequately respond to student loan complaints.<sup>5</sup> Over the past year, entities have failed to respond in a timely manner to approximately one quarter (24 percent) of federal student loan complaints sent to companies. And roughly 90 percent of borrowers who get a response report that they do not think the response completely addressed their issues.
- The Student Loan Ombudsman currently lacks the resources to provide case work services to thousands of deserving borrowers, preventing the CFPB from providing the timely support contemplated in the Dodd-Frank Act.<sup>6</sup>

This report also includes three special sections to provide more information on timely topics related to the broader student loan market that warrant attention from policymakers:

1. **Rising student loan defaults:** Millions of people are likely to experience forced collections in the coming months because of federal student loan default. This report provides information about the pathways out of student loan default, with a focus on options that do not require repayment, and options to pause or reduce forced collections.
2. **Private student loan repayment policies:** New federal policies related to loan limits will almost certainly send students into the private market to finance their educations, where they may be subject to higher costs and fewer flexible repayment options than they would have in the federal student loan system. This report provides an analysis of one specific repayment policy – cancellation based on school misconduct – that has been provided in the federal market but denied to many borrowers in the private market.
3. **College pricing:** Colleges are subject to federal consumer financial laws when they offer or provide private education loans, engage in financial advisory services, broker loans, or otherwise offer or provide a consumer financial product or service.<sup>7</sup> This could include the use of financial aid offers that advise students on their individual financial situation and may include brokering offers of credit (federal or private loans) which frequently rely on algorithms to determine total credit offered. This report also provides a discussion of the role of college pricing as it relates to consumer protection and competition law.

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<sup>5</sup> Typically, adequacy in complaint responses is defined in three ways: timeliness, completeness, and accuracy. For more information, see Section 3 of this report. See also, e.g., Consumer Financial Protection Bureau, *Consumer Response Annual Report: January 1 – December 31, 2024* (2025), [https://files.consumerfinance.gov/f/documents/cfpb\\_cr-annual-report\\_2025-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_cr-annual-report_2025-05.pdf).

<sup>6</sup> 12 U.S.C. § 5535.

<sup>7</sup> 12 U.S.C. § 5535.

# 1 Ombudsman's Discussion

*This discussion reflects the Ombudsman's independent judgment and does not necessarily represent the view of the Consumer Financial Protection Bureau.*

Enforcement of consumer financial protection laws was transferred to the CFPB after the Great Recession because lawmakers wanted to ensure that a federal agency was dedicated to protecting ordinary people from set-up-to-fail financial products, abusive practices, and the fallout from industry excesses that harmed people through no fault of their own.

Sadly, financial catastrophes are still all too common in this country, and millions of student loan borrowers are vulnerable to these emergencies because of a system that is out of balance. This year, hundreds of complaints detailed the frustration, wasted time, and even crisis brought about by the failure to address basic loan servicing issues: money lost,<sup>8</sup> refunds delayed for months,<sup>9</sup> inability to submit payments,<sup>10</sup> and even ongoing failure to tell borrowers the amount of their monthly payment.<sup>11</sup> Other borrowers reported lost job opportunities<sup>12</sup> and some said that they were at risk of homelessness because of problems with their student loans.<sup>13</sup> In many cases, the borrowers who shared these stories did not receive a response from their lender or servicer, even when they tried to reach out through multiple channels.<sup>14</sup>

In large part, these problems are the result of a federal student loan system that relies on non-government contractors with misaligned incentives. These entities are responsible for millions of loans, many of which require far more assistance than the companies are willing to provide. Some of these companies wield so much power that they successfully prevented broad student

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<sup>8</sup> COMPLAINT DATABASE Complaint ID# 14198861, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/14198861>.

<sup>9</sup> COMPLAINT DATABASE Complaint ID# 13227329, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/13227329>.

<sup>10</sup> COMPLAINT DATABASE Complaint ID# 14369936, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/14369936>; See also, e.g., COMPLAINT DATABASE Complaint ID# 12896737, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12896737>; See also e.g., COMPLAINT DATABASE Complaint ID# 12988743, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12988743>.

<sup>11</sup> COMPLAINT DATABASE Complaint ID# 12822009, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12822009>.

<sup>12</sup> COMPLAINT DATABASE Complaint ID# 10184982, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/10184982>.

<sup>13</sup> COMPLAINT DATABASE Complaint ID# 12997507, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12997507>; See also, e.g., COMPLAINT DATABASE Complaint ID# 12410001, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12410001>.

<sup>14</sup> COMPLAINT DATABASE Complaint ID# 14198861, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/14198861>. See also, e.g., COMPLAINT DATABASE Complaint ID# 13850198, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/13850198>.

loan cancellation based, in part, on the assertion that they would have lost servicing fees and interest income on their loan portfolios.<sup>15</sup> The same company argued in court that they are not liable for violations of consumer protection law<sup>16</sup> and increasingly declines to answer consumer complaints that they receive from the CFPB.<sup>17</sup> Some have lobbyists or former executives who go on to take powerful roles at the Department of Education (ED),<sup>18</sup> which could raise concerns about potential conflicts of interest given ongoing changes related to vendor oversight.<sup>19</sup> None of these actions suggest a student loan system that drives educational opportunity. All of these actions point to a failure of seismic proportions that only systemic policy changes can address.

My review of this year's student loan complaints and the problems student borrowers face at this moment indicate that systemic reform is needed. First, the agencies charged to enforce critical student loan protections, like the Consumer Financial Protection Bureau, the Federal Trade Commission, the Department of Justice, and the Department of Education, must do so.<sup>20</sup> The institutions that are meant to enforce these basic rights and protect people from egregious conduct are being dismantled and stripped of resources. While this attack on the institutions put in place to protect borrowers continues, it is the people whose complaints and applications go unprocessed who will be left behind.<sup>21</sup>

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<sup>15</sup> See, e.g., Complaint, *Biden v. Nebraska*, No. 4:22-cv-01040-HEA (E.D. Mo. Sep. 29, 2022).

<sup>16</sup> See, e.g., Brief for MOHELA at 28-31, *American Federation of Teachers v. MOHELA*, No: 2024-CAB-004575 (D.D.C. Sept. 25, 2024).

<sup>17</sup> See Section 2.2 for a discussion of complaint responses over the prior year.

<sup>18</sup> U.S. Department of Education, (Feb. 6, 2025), *U.S. Department of Education Announces Additional Incoming Trump-Vance Appointees*, <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-additional-incoming-trump-vance-appointees>.

<sup>19</sup> See, e.g., Declarations of Doe Declarant 17, Lisa Tessitore, Colleen Campbell, and Doe Declarant 6, *New York v. McMahon*, No. 1:25-cv-10601-MJJ, Exhibit 77, (D. Mass. 2025), Docs. 102-11, 71-69, and 71-28, <https://www.courtlistener.com/docket/69732750/state-of-new-york-v-mcmahon/>.

<sup>20</sup> Many consumer protection laws have straightforward goals. For example, the Electronic Funds Transfer Act protects people from having money randomly withdrawn from their bank account without their permission. The Truth in Lending Act ensures that when borrowers take out a loan, they are told how much the loan will cost. The Fair Debt Collection Practices Act prevents people from having their debts disclosed to their employer or friends and from being harassed by debt collectors. The Dodd-Frank Act protects consumers from unfair, deceptive, and abusive acts and practices. For more information, see Consumer Financial Protection Bureau, (Sep. 2023), *CFPB Supervision and Examination Manual*, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervision-and-examination-manual\\_2023-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_2023-09.pdf).

<sup>21</sup> For example, data released by the Office of Federal Student Aid (FSA) shows that almost 191,000 PSLF applications were pending as of July 31, 2025. The status report filed on September 15, 2025 by the Department of Education in the *American Federation of Teachers v. U.S. Department of Education* case reveals that, as of August 31, 2025, over 1 million IDR applications were pending and almost 75,000 PSLF buyback applications were pending. Additionally, a Declaration by Rachel Gittleman filed on March 24, 2025 in the *New York v. McMahon* case states that the Office of the Ombudsman at FSA had a backlog of 16,000 complaints from borrowers as of March 14, 2025.

Next, policymakers should consider cancelling student debt,<sup>22</sup> given the pervasive and repeated failures of lenders and servicers and the well-established negative impacts of student debt.<sup>23</sup> Extensive research has established that cancelling debts or pausing debt repayment obligations would power our economy,<sup>24</sup> benefit families that are already struggling to make ends meet,<sup>25</sup> and improve the lives of millions of Americans.<sup>26</sup> Additionally, making college debt-free could provide Americans with a renewed hope that education is a worthwhile endeavor,<sup>27</sup> and results from state experiments are extremely promising.<sup>28</sup> Both policies are solidly grounded in the promise of the Higher Education Act and could reposition higher education as the engine of opportunity that it was intended to be.<sup>29</sup>

This report is also required to provide a discussion of the activities and effectiveness of the Student Loan Ombudsman’s Office over the prior year. During the period covered by this report, the Ombudsman’s Office was maintaining normal operations for only a portion of the year. As a result, the activities and effectiveness have been limited. There was no acting Student Loan Ombudsman at all for roughly two months and I no longer have a team supporting the

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<sup>22</sup> Broad-based student debt cancellation has been enacted through legislation such as the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, Pub. L. No: 116-136 (2020).

<sup>23</sup> See, e.g., Elliot, W. & Lewis, M. (2015), “Student Debt Effects on Financial Well-Being: Research and Policy Implications,” *Journal of Economic Surveys* 29(4), 614-636.

<sup>24</sup> See, e.g., Dinerstein, M., Earnest, S., Koustas, D., & Yannelis, C., (Jun. 7, 2025), *Student Loan Forgiveness: NBER Working Paper No. w33462*, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=5130556](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5130556); See also, e.g., Jabbari, J., Roll, S., Despard, M., & Hamilton, L. (Oct. 17, 2023), *Student Debt Forgiveness and Economic Stability, Social Mobility, and Quality-of-Life Decisions: Results from a Survey Experiment*, <https://journals.sagepub.com/doi/full/10.1177/23780231231196778>.

<sup>25</sup> Consumer Financial Protection Bureau, (Nov. 26, 2024), *An analysis of the first seven months of the federal student loan return to repayment*, <https://www.consumerfinance.gov/data-research/research-reports/analysis-of-first-seven-months-of-federal-student-loan-return-to-repayment/>.

<sup>26</sup> See, e.g., Consumer Financial Protection Bureau, (Nov. 13, 2024), *Insights from the 2023-2024 Student Loan Borrower Survey*, <https://www.consumerfinance.gov/data-research/research-reports/insights-from-the-2023-2024-student-loan-borrower-survey/>. This report states that “61 percent of borrowers [who had a loan discharged, cancelled, or forgiven] reported that debt relief had allowed them to make a beneficial change in their life sooner than they otherwise would have.” See also Jiménez, D., Glater, J., & Fouzia, S. (May 12, 2023), *The Student Loan Payment Pause: Assessing Financial Distress in California*, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4431240](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4431240). This research concludes that the COVID-19 related payment pause may have been “even more beneficial for federal borrowers than previously understood.”

<sup>27</sup> See, e.g., Fry, R., Braga, D., & Parker, K. (May 23, 2024), “Is College Worth It?” *Pew Research Center*, <https://www.pewresearch.org/social-trends/2024/05/23/is-college-worth-it-2/>.

<sup>28</sup> See, e.g., Tennessee Achieves, (Fall 2024), *Preparing Tennessee Students for College, Career, and the Future: Lessons from Tennessee Achieves’ Statewide Model to Innovate and Scale Comprehensive Supports*, [https://cdn.prod.website-files.com/61ba001bb59d0528645a4bf9/67066104e3c1154f3ed3423\\_Preparing%20Tennessee%20Students%20for%20College%2C%20Career%2C%20and%20the%20Future%20\(2\).pdf](https://cdn.prod.website-files.com/61ba001bb59d0528645a4bf9/67066104e3c1154f3ed3423_Preparing%20Tennessee%20Students%20for%20College%2C%20Career%2C%20and%20the%20Future%20(2).pdf).

<sup>29</sup> See, e.g., 20 U.S.C. §§ 1087 & 1098(e). See also, e.g., Lyndon B. Johnson, President of the United States, *Remarks at Southwest Texas State College Upon Signing the Higher Education Act of 1965* (Nov. 8, 1965), <https://www.presidency.ucsb.edu/documents/remarks-southwest-texas-state-college-upon-signing-the-higher-education-act-1965>. See also, e.g., U.S. Department of State, (Dec. 11, 1947), *Higher Education for American Democracy: A Report of the President’s Commission on Higher Education*, [https://ia801506.us.archive.org/25/items/in.ernet.dli.2015.89917/2015.89917\\_Higher-Education-For-American-Democracy-A-Report-Of-The-Presidents-Commission-On-Higher-Education-Vol-I---Vi\\_text.pdf](https://ia801506.us.archive.org/25/items/in.ernet.dli.2015.89917/2015.89917_Higher-Education-For-American-Democracy-A-Report-Of-The-Presidents-Commission-On-Higher-Education-Vol-I---Vi_text.pdf).

expansion of case work that I hoped to implement this year. These changes, and others, have drastically reduced the resources that the CFPB has to focus on student loan law enforcement and complaint resolution.

Additionally, I have encountered difficulty in my attempts to informally resolve borrowers' complaints that are related to federal student loans. Most of the staff at the Office of Federal Student Aid (FSA) that I worked with in my capacity as Student Loan Ombudsman are no longer with ED, leaving me with fewer options as I try to informally resolve cases.<sup>30</sup> In the past year, I was asked by the ED to stop helping borrowers with federal student loans, despite years of precedent.<sup>31</sup> Such a state of affairs would be counterproductive to the goals of efficient government and would leave millions of student loan borrowers without support from the CFPB. More importantly, it would leave borrowers without many options when they are unable to get help with their federal student loans from servicers or from the FSA Student Loan Ombudsman or their team, as is commonly the case.<sup>32</sup>

I thank the borrowers who reached out to the CFPB with their stories. I also thank the lenders and servicers who make good faith efforts to work with the CFPB to resolve borrower issues. I also share in the frustration of the borrowers who submitted complaints through so many channels and who have not received a satisfactory response or resolution and probably will not for the foreseeable future. You deserve better.

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<sup>30</sup> See, e.g., Carrasco, M., (Mar. 6, 2025), "ED Reduces FSA Staff Who Handle Financial Aid Complaints," *National Association for Student Financial Aid Administrators*, [https://www.nasfaa.org/news-item/35778/Report\\_ED\\_Reduces\\_FSA\\_Staff\\_Who\\_Handle\\_Financial\\_Aid\\_Complaints](https://www.nasfaa.org/news-item/35778/Report_ED_Reduces_FSA_Staff_Who_Handle_Financial_Aid_Complaints). See also, Declaration of Rachel Gittleman, *New York v. McMahon*, No. 1-25-cv-10601-MJJ Doc. 71-50, (D. Mass. Mar. 24, 2025), <https://storage.courtlistener.com/recap/gov.uscourts.mad.281941/gov.uscourts.mad.281941.71.50.pdf>.

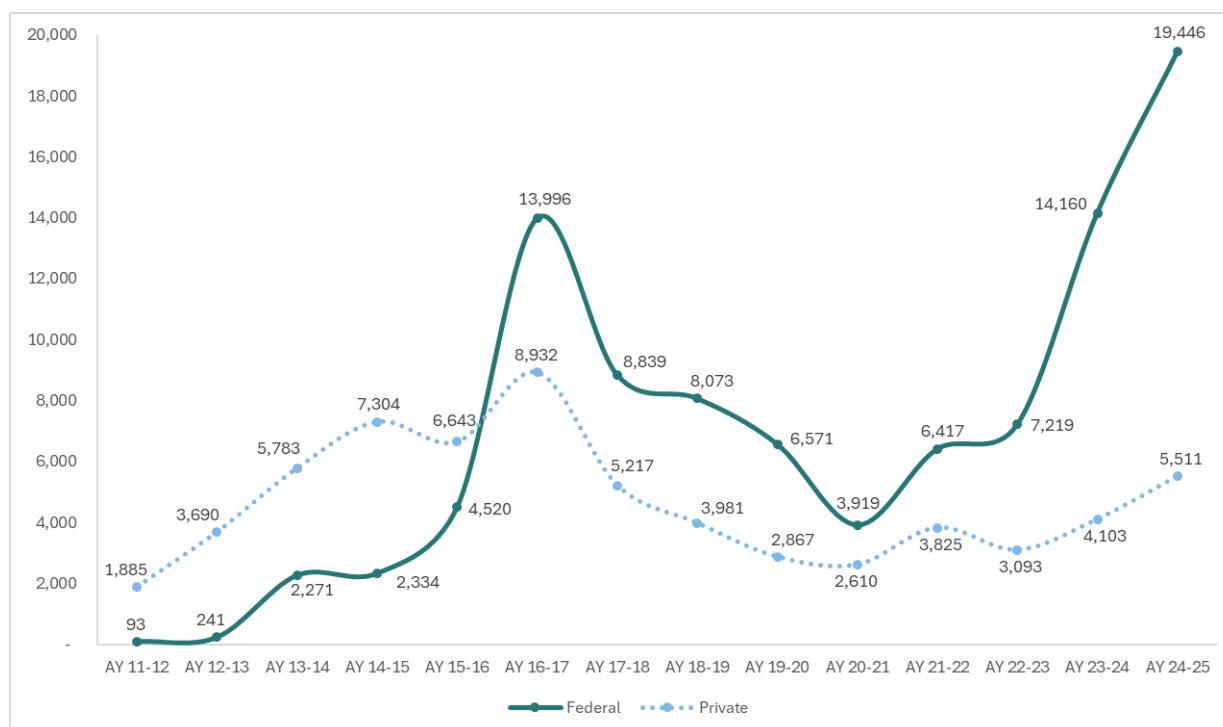
<sup>31</sup> See 12 U.S.C. §5535(c)(2). See also Consumer Financial Protection Bureau and Department of Education, (Jan. 31, 2020), *Memorandum of Understanding Between the Bureau of Consumer Financial Protection and the U.S. Department of Education Concerning Coordination in Resolving Borrower Complaints*.

<sup>32</sup> See, e.g., COMPLAINT DATABASE Complaint ID#14052181, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/14052181>.

# 2 Complaint Trends

Over 40 million people, or more than one-in-seven American adults, are federal student loan borrowers.<sup>33</sup> During this past Award Year, these borrowers faced significant disruption and uncertainty surrounding their loans, resulting in a new record for the all-time highest number of federal student loan complaints submitted to the CFPB in a single Award Year for the second year in a row (Figure 1).<sup>34</sup>

**FIGURE 1. STUDENT LOAN COMPLAINTS SUBMITTED TO THE CFPB BY AWARD YEAR, 2011 - 2025<sup>35</sup>**



Of the roughly 19,400 federal student loan complaints submitted to the CFPB during the Award Year (defined as the period starting July 1, 2024, and ending June 30, 2025), the Student Loan Ombudsman’s Office reviewed a sample of 5,017, around one-fourth of all such complaints.<sup>36</sup>

<sup>33</sup> *Federal Student Loan Portfolio*, U.S. DEP’T OF EDUC., <https://studentaid.gov/data-center/student/portfolio> (last visited Oct. 9, 2024).

<sup>34</sup> Unless otherwise specified, federal student loan counts encompass both federal student loan debt complaints under the ‘Debt collection’ product filter and federal student loan complaints under the ‘Student loan’ product filter. This same grouping applies to private loan counts, as well. Complaint numbers may not be identical to counts in prior reports because of data updates over time.

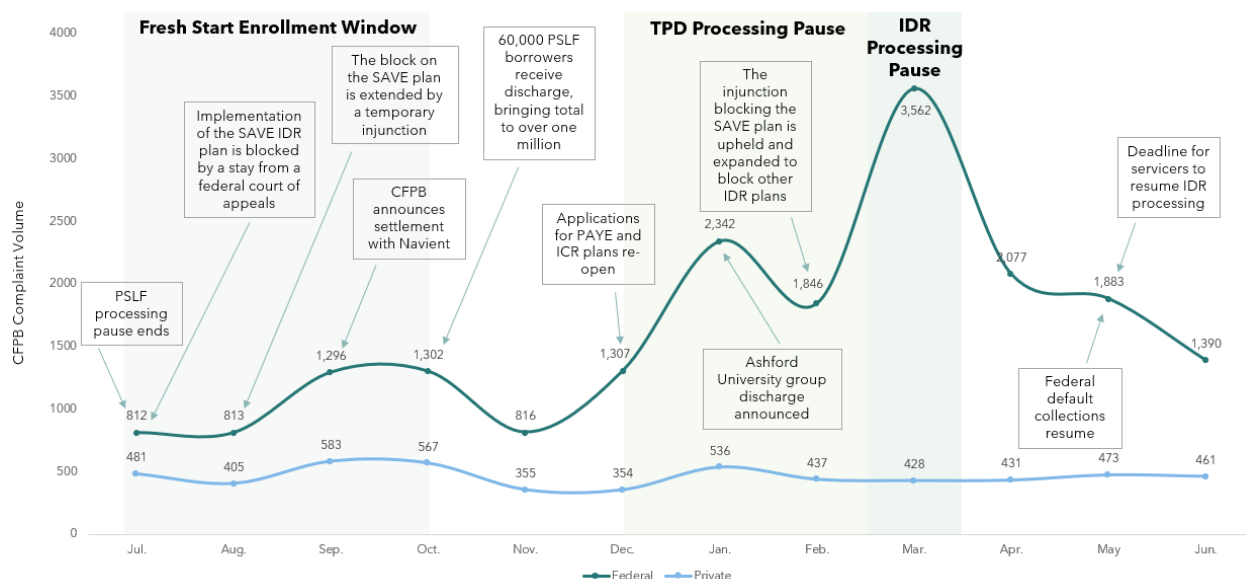
<sup>35</sup> The relatively low volume of student loan complaints received in the earlier years of Figure 1 reflects, in part, the initial stand-up of the CFPB’s complaint intake processes.

<sup>36</sup> We tagged every complaint received in September 2024 but tagged only a random sample in every other month. Thus, this year’s complaint sample overrepresents September complaints.

Many of the challenges raised by borrowers in their complaints echo the consumer financial law violations highlighted in several publications over the past year and routine servicer failures that the CFPB and other federal agencies have documented for over a decade.<sup>37</sup>

Complaint volume varied by month, particularly related to federal student loans, with an increase in volume starting around December 2024 and peaking in March 2025 as negative credit reporting restarted for federal student loans and income-driven repayment (IDR) options changed (Figure 2).

**FIGURE 2. TOTAL VOLUME OF STUDENT LOAN COMPLAINTS BY MONTH, AY24-25**



To describe trends in consumer complaints, two complaint datasets are used and referenced throughout this report: (1) the entire population of 24,951 complaints; and (2) a sample of 7,048

<sup>37</sup> See, e.g., CONSUMER FIN. PROT. BUREAU, *ISSUE SPOTLIGHT: FEDERAL STUDENT LOAN RETURN TO REPAYMENT* (Jan. 2024), [https://files.consumerfinance.gov/f/documents/cfpb\\_federal-student-loan-return-to-repayment-report\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_federal-student-loan-return-to-repayment-report_2024-01.pdf); SUPERVISORY HIGHLIGHTS: SERVICING AND COLLECTION OF CONSUMER DEBT, ISSUE 34 (Jul. 2, 2024), <https://www.consumerfinance.gov/data-research/research-reports/supervisory-highlights-issue-34-summer-2024/>; SUPERVISORY HIGHLIGHTS: STUDENT LOAN SERVICING SPECIAL EDITION, ISSUE 27 (Sep. 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_student-loan-servicing-supervisory-highlights-special-edition-report\\_2022-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_student-loan-servicing-supervisory-highlights-special-edition-report_2022-09.pdf); SUPERVISORY HIGHLIGHTS, ISSUE 21 (Feb. 2020), [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-21\\_2020-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-21_2020-02.pdf); SUPERVISORY HIGHLIGHTS, ISSUE 13 (Oct. 2016), [https://files.consumerfinance.gov/f/documents/Supervisory\\_Highlights\\_Issue\\_13\\_Final\\_10.31.16.pdf](https://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf); SUPERVISORY HIGHLIGHTS, ISSUE 9 (Oct. 2015), [https://files.consumerfinance.gov/f/201510\\_cfpb\\_supervisory-highlights.pdf](https://files.consumerfinance.gov/f/201510_cfpb_supervisory-highlights.pdf); SUPERVISORY HIGHLIGHTS: FALL 2014 (Oct. 2014), [https://files.consumerfinance.gov/f/201410\\_cfpb\\_supervisory-highlights\\_fall-2014.pdf](https://files.consumerfinance.gov/f/201410_cfpb_supervisory-highlights_fall-2014.pdf); See also Section 2.2.1 for a summary of known program failures documented in prior CFPB Student Loan Ombudsman reports and Appendix B for a list of all prior Student Loan Ombudsman reports.

complaints, drawn from the total population of student loan complaints that were reviewed by the Student Loan Ombudsman Team (Table 1).<sup>38</sup>

**TABLE 1. OVERVIEW OF CFPB STUDENT LOAN COMPLAINT DATASETS, AY24-25**

<b>Dataset</b>	<b>Federal (#)</b>	<b>Federal (%)</b>	<b>Private (#)</b>	<b>Private (%)</b>	<b>Total</b>
Complaint Population <sup>39</sup>	19,440	78%	5,511	22%	<b>24,951</b>
CFPB Complaint Sample <sup>40</sup>	5,017	71%	2,031	29%	<b>7,048</b>

## 2.1 Federal Student Loans

### 2.1.1 Top Entities

During the Award Year, MOHELA received the most complaints and was mentioned in over one-in-three (37 percent) federal loan complaints, despite servicing only 18 percent of borrower accounts as of June 2025 (Figure 3).<sup>41</sup> In contrast, Nelnet was the subject of 18 percent of borrower complaints but serviced 34 percent of borrower accounts in June 2025. Navient, which received 5 percent of federal loan complaints, does not service federally held student loans but once did, and still owns certain loans that are quasi-federal, called Federal Family Education Loan Program (FFELP) loans.<sup>42</sup> The Office of Federal Student Aid also received a significant share of complaints (6 percent), and that entity was created in the complaint database in August

<sup>38</sup> Every complaint received in September 2024 was included in the sample, but only a random sample was included in every other month. Thus, this year's complaint sample overrepresents September complaints. In all other months, we used statistical software to pull a random sample of roughly 300 complaints (with federal and private sample shares proportional to the shares of complaints received in those categories in that month).

<sup>39</sup> The complaint statistics in this report may differ from those presented in the public Consumer Complaint Database because it includes complaints routed to other regulatory agencies, such as the Federal Trade Commission and the Department of Education, as well as complaints routed to colleges and schools. These complaints are excluded from the CCDB but included in this report given their relevance to many student loan issues. Our report excludes some complaints that the CFPB received, including multiple complaints submitted by a given consumer on the same issue (i.e., duplicates) and whistleblower tips.

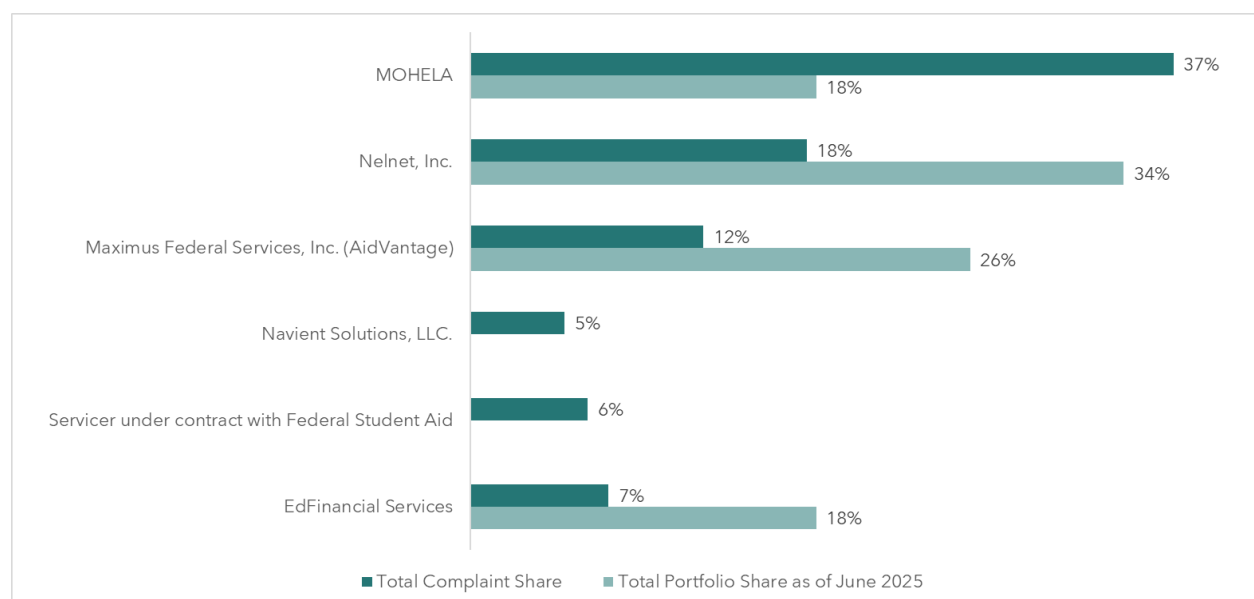
<sup>40</sup> Sample drawn from the entire population of student loan complaints submitted in Award Year 2024-2025. For more information about the Ombudsman's sampling and tagging methodology, see CONSUMER FIN. PROT. BUREAU, ANNUAL REPORT OF THE STUDENT LOAN OMBUDSMAN (2024), <https://www.consumerfinance.gov/data-research/research-reports/annual-report-of-the-cfpb-student-loan-ombudsman-2024/>.

<sup>41</sup> Servicer portfolios totals were accurate as of June 30, 2025 and share was calculated as the total number of recipients (in millions) served by each servicer divided by the total number of recipients. *Federal Student Aid Portfolio Summary*, U.S. DEPT. OF EDUC., FEDERAL STUDENT LOAN PORTFOLIO, <https://studentaid.gov/data-center/student/portfolio>.

<sup>42</sup> Navient Solutions, LLC, does not currently service federal student loans, but received complaints due to past conduct and due to the announcement of a settlement between CFPB and Navient on September 12, 2024. Navient's portfolio of FFELP loans is now serviced by MOHELA.

2024 to receive complaints from borrowers who either do not know who their servicer is or who are writing about general concerns such as administrative conduct or programmatic changes.

**FIGURE 3. TOP ENTITIES BY COMPLAINT AND SERVICER PORTFOLIO SHARE, AY24-25<sup>43</sup>**



## 2.1.2 Top Issues

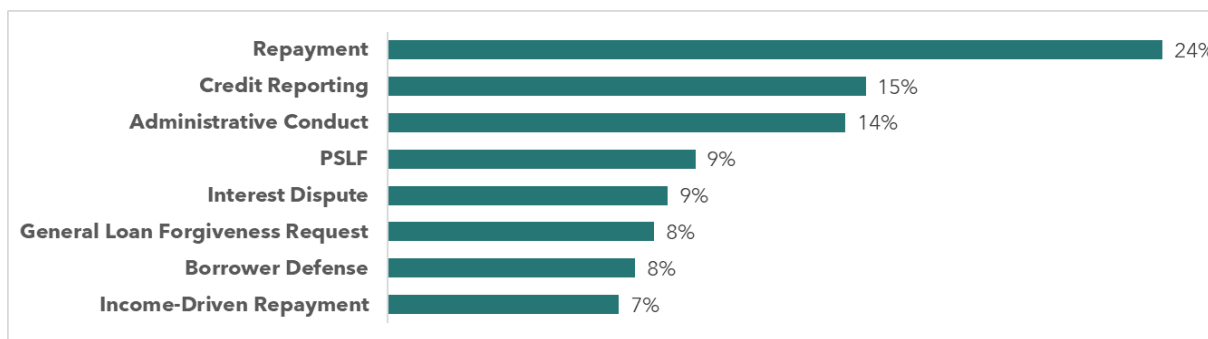
As seen in Figure 4, federal student loan borrowers in our sample complained most often about issues with repayment (24 percent), credit reporting (15 percent), disputes related to interest on their loans (typically related to loans incorrectly accruing interest during a forbearance period,<sup>44</sup> 9 percent), and accessing lower monthly payments and loan cancellation through programs such as Public Service Loan Forgiveness (9 percent), income-driven repayment plans (7 percent), and Borrower Defense to Repayment (8 percent). This continued prevalence suggests that borrowers are largely facing the same problems they have reported for over a decade.<sup>45</sup>

<sup>43</sup> Servicer portfolios totals were accurate as of June 30, 2025 and share was calculated as the total number of recipients (in millions) served by each servicer divided by the total number of recipients. *Federal Student Aid Portfolio Summary*, U.S. DEPT. OF EDUC., FEDERAL STUDENT LOAN PORTFOLIO, <https://studentaid.gov/data-center/student/portfolio>.

<sup>44</sup> For more information on the various types of forbearance, see, e.g., Status Report, *American Federation of Teachers v. Department of Education*, 1:25-cv-00802-RBW (D.D.C.), Doc. No. 36, May 15, 2025, <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.36.0.pdf>. For information on interest accrual for the millions of borrowers who enrolled in or applied for the SAVE Plan, see also, e.g., U.S. Department of Education, Office of Federal Student Aid, *IDR Plan Court Actions: Impact on Borrowers*, (accessed Oct. 9, 2025), <https://studentaid.gov/announcements-events/idr-court-actions>.

<sup>45</sup> For a more detailed discussion of these issues, see Consumer Financial Protection Bureau, (Nov. 15, 2024), *Annual Report of the Student Loan Ombudsman*, <https://www.consumerfinance.gov/data-research/research-reports/annual-report-of-the-cfpb-student-loan-ombudsman-2024/>.

**FIGURE 4. AVERAGE SHARE OF SAMPLE COMPLAINTS BY TAG, COMPLAINT SAMPLE, AY24-25**



Borrowers also submitted many complaints in a new area related to recent administrative conduct. We group these comments together because they all relate to recent conduct at the Department of Education and/or statements by political actors. These complaints often asserted that the Department of Education should forgive their loans due to possible data privacy breaches,<sup>46</sup> policy statements such as the Executive Order to close the Department of Education,<sup>47</sup> or comments that indicated an interest in transferring federal student loan administration to the Small Business Administration.<sup>48</sup> For example, one such complaint related to data privacy stated that:

*I am filing this complaint due to a suspected privacy violation involving my federal student loan records and personal financial information. On February 24, 2025, I submitted a formal complaint to MOHELA, stating that my FERPA-protected educational records, FAFSA financial data, and IRS tax transcript were accessed or shared without my consent.... I believe this constitutes a serious breach of federal privacy laws and seek the CFPB's assistance in holding the responsible parties accountable.<sup>49</sup>*

This group of complaints spiked in March 2025, which coincides with news reports related to data privacy concerns and Executive Orders (Figure 5).<sup>50</sup>

<sup>46</sup> See, e.g., Student Defense & Public Citizen, (Feb. 11, 2025), *U.S. Department of Education Agrees to Temporarily Stop Sharing Student Data with DOGE*, <https://www.defendstudents.org/news/u-s-department-of-education-agrees-to-temporarily-stop-sharing-student-data-with-doge>.

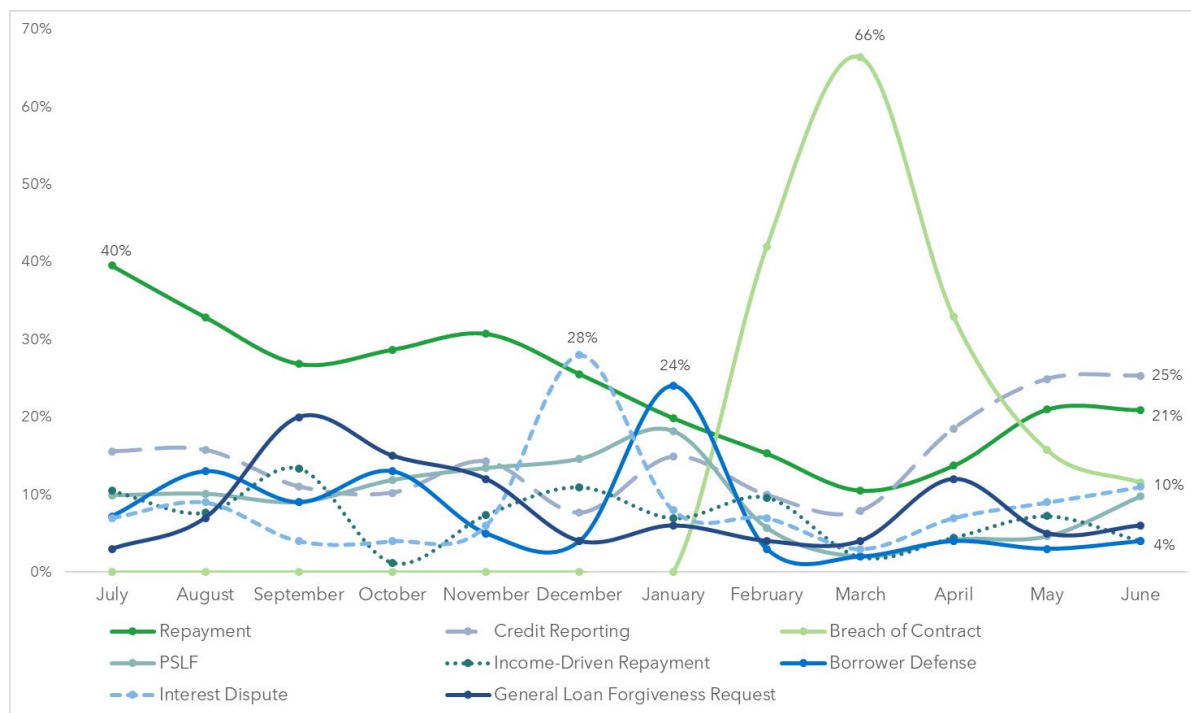
<sup>47</sup> President Trump, (Mar. 20, 2025), *Improving Education Outcomes by Empowering Parents, States, and Communities*, <https://www.whitehouse.gov/presidential-actions/2025/03/improving-education-outcomes-by-empowering-parents-states-and-communities/>.

<sup>48</sup> Turner, C. (Mar. 21, 2025), "Trump says Education Department will no longer oversee student loans, 'special needs,'" NPR, <https://www.npr.org/2025/03/21/nx-s1-5336330/trump-education-department-student-loans-special-education-fsa>.

<sup>49</sup> COMPLAINT DATABASE Complaint ID# 12953764, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12953764>.

<sup>50</sup> See *supra* footnotes 45-47.

**FIGURE 5. MONTHLY TAG TRENDS IN CFPB COMPLAINT SAMPLE, AY24-25**



As the Award Year wound down, borrowers complained more frequently about credit reporting issues. These complaints were most often related to errors or a lack of notice related to the resumption of negative credit reporting following the expiration of the temporary “on-ramp,” the one-year grace period that prevented negative credit reporting for borrowers who missed payments.<sup>51</sup>

### 2.1.2.1 Debt Collection & Default

After an almost five-year pause in forced collection activity for borrowers with federally managed student loans in default,<sup>52</sup> collections resumed in May 2025.<sup>53</sup> As the pause on

<sup>51</sup> President Biden, (Jun. 30, 2023), *Fact Sheet: President Biden Announces New Actions to Provide Debt Relief and Support for Student Loan Borrowers*, <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2023/06/30/fact-sheet-president-biden-announces-new-actions-to-provide-debt-relief-and-support-for-student-loan-borrowers/>.

<sup>52</sup> “Federally managed student loans” are defined as Direct Loans and ED-held loans made through the FFEL program. For borrowers with defaulted loans that were made through the FFEL program held by commercial lenders, the suspension only began in March 2021 when the benefits were extended to this group. See U.S. Department of Education, Office of Federal Student Aid, *COVID-19 Emergency Relief and Federal Student Aid: History of the COVID-19 Emergency Relief Flexibilities*, (accessed Mar. 17, 2023), <https://studentaid.gov/announcements-events/covid-19#resources>; U.S. Department of Education, Office of Federal Student Aid, *FY 2022 Annual Report*, (Jan. 23, 2023), <https://www2.ed.gov/about/reports/annual/2022report/fsa-report.pdf>.

<sup>53</sup> U.S. Department of Education, (Apr. 21, 2025), *U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back Into Repayment*, <https://www.ed.gov/about/news/press-release/us-department-of-education-begin-federal-student-loan-collections-other-actions-help-borrowers-get-back-repayment>.

reporting delinquent federal student loans came to a close in October 2024, nearly one in four student loan borrowers (24 percent) were behind on payments in the first quarter of 2025, according to the New York Federal Reserve Bank,<sup>54</sup> and the Department of Education estimated that as many as 10 million student loan borrowers could have loans in default in 2025, representing more than one-in-five federal student loan borrowers.<sup>55</sup> For most borrowers, the consequences of federal student loan default are severe.

There are many pathways that borrowers can use to resolve a federal student loan default, and the most common ways that borrowers exit default are through rehabilitation, consolidation, and payment in full (Figure 6).<sup>56</sup> However, other options, such as cancellation, compromise, recall, and write-off, are less commonly used but can resolve defaulted debts permanently and without any cost to the borrower.

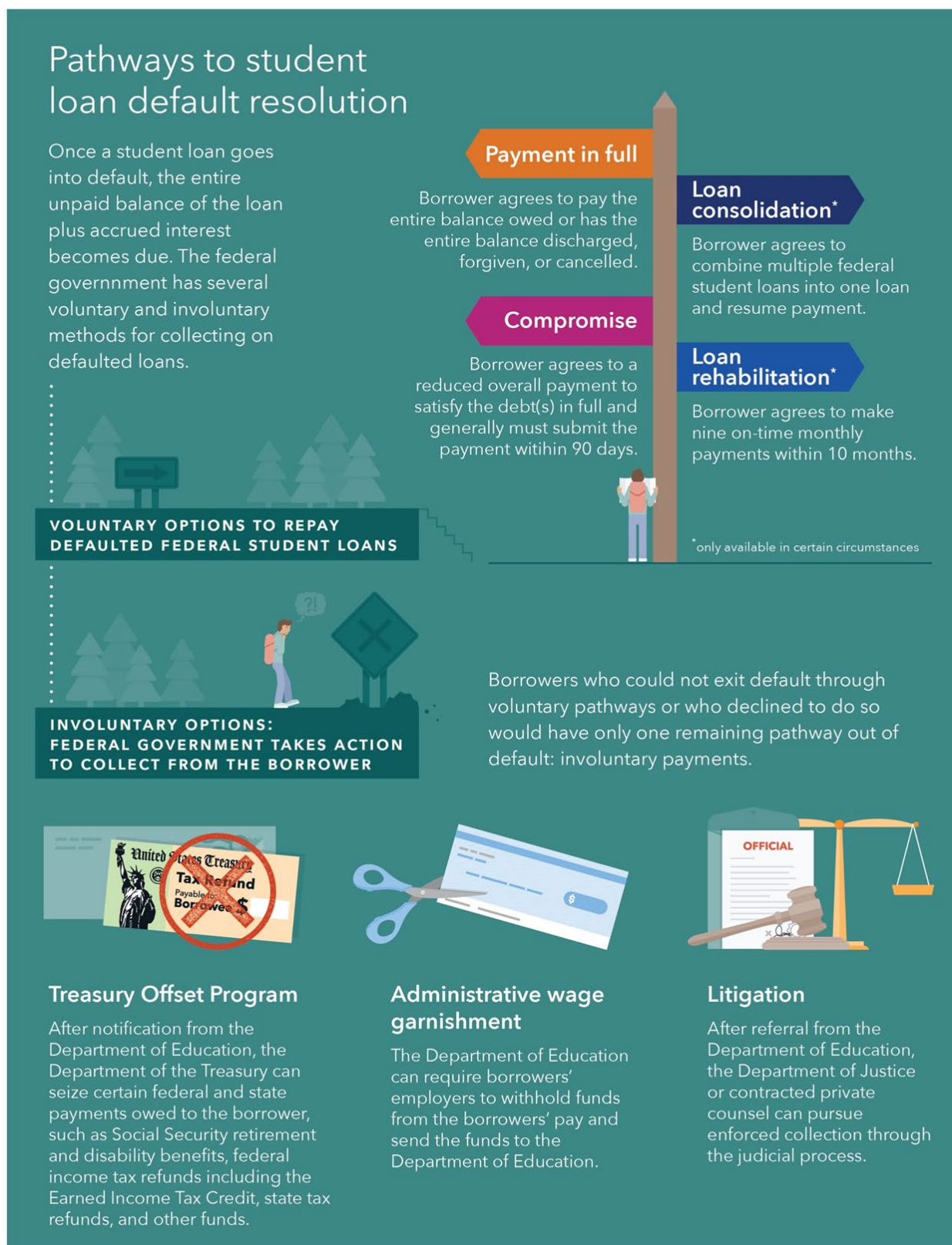
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<sup>54</sup> Haughwout, A.F., Lee, D., Mangrum, D., Scally, J., & van der Klaauw, W. (May 13, 2025). “Student Loan Delinquencies Are Back, and Credit Scores Take a Tumble,” *Liberty Street Economics*, <https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/>.

<sup>55</sup> U.S. Department of Education, (Apr. 21, 2025), *U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back Into Repayment*, <https://www.ed.gov/about/news/press-release/us-department-of-education-begin-federal-student-loan-collections-other-actions-help-borrowers-get-back-repayment>.

<sup>56</sup> Rehabilitation is a process by which a borrower’s loan can be taken out of default status after they make a series of consecutive on-time payments based on their income. Generally, borrowers must make nine on-time payments in a ten-month window. Loan consolidation allows borrowers to pay off their defaulted loans using a new loan with new repayment terms. See Consumer Financial Protection Bureau, *CFPB Projects that One-in-Three Rehabilitated Student Loan Borrowers Will Re-default Within Two Years*, (Oct. 17, 2016), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-projects-one-three-rehabilitated-student-loan-borrowers-will-re-default-within-two-years/>.

**FIGURE 6. PATHWAYS TO STUDENT LOAN DEFAULT RESOLUTION**



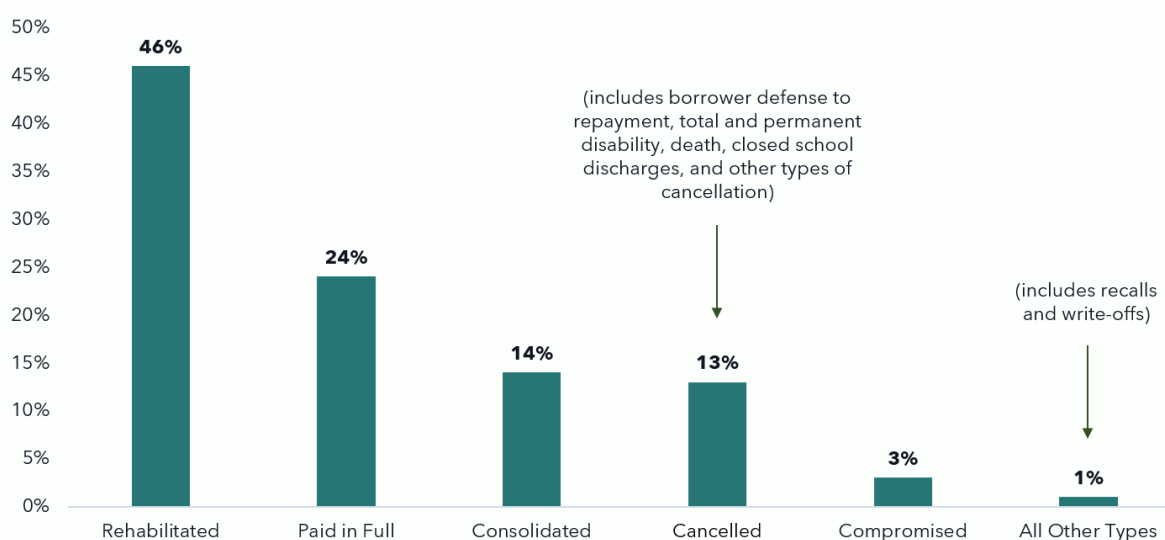
Borrowers may have a hard time getting their loans out of default because they are not informed about all the options available to them to resolve their defaulted loans. For example, the FSA website describes the consequences of default and provides some information about exiting default.<sup>57</sup> However, it primarily directs borrowers to focus heavily on rehabilitation and consolidation and devotes little attention to options like cancellation or hardship exemptions from forced collections.

As millions of borrowers' loans enter the default system, borrowers should be aware of their options for resolving their defaults and protecting themselves from the worst outcomes. Most importantly, eligible borrowers should apply for cancellation and options to pause or reduce forced collections.

## CANCELLATION

Roughly one million federal student loans exited defaulted status in 2019, and three out of five (60 percent) did so using either rehabilitation (46 percent) or consolidation (14 percent), options that return borrowers to the standard repayment system (Figure 7). However, 24 percent of defaulted loans were paid off in full and 13 percent were resolved because they were cancelled.

**FIGURE 7. SHARE OF LOANS EXITING DEFAULT STATUS IN 2019 BY RESOLUTION TYPE<sup>58</sup>**



<sup>57</sup> U.S. Department of Education, Office of Federal Student Aid, *Getting Out of Default*, (accessed Oct. 9, 2025), <https://studentaid.gov/manage-loans/default/get-out>.

<sup>58</sup> Loans were excluded from analysis if they exited default in 2019 but subsequently returned to default status. Resolution percentages are at the loan level since a borrower can resolve different loans in different ways (e.g., they may discharge one and rehabilitate the other). See U.S. Department of Education, Office of Federal Student Aid, *Time in Default for DMCS Borrowers Who Exited Default in Calendar Year 2019* (CFPB analysis of confidential data obtained through an administrative information transfer).

About one-in-five student loan dollars cancelled between 2018 and 2022 was associated with a defaulted student loan. In total, \$9.8 billion in defaulted student loans were cancelled during that period, compared to \$42.8 billion cancelled for loans not in default status.<sup>59</sup> In fact, certain types of cancellation (death, closed school, false certification, and identity theft) are most often applied to defaulted loans (Table 2).

**TABLE 2. SHARE OF CANCELLATION BY DEFAULT STATUS, FY 2018 – 2022<sup>60</sup>**

Type	Loans in Default	All Other Loans
False Certification	89%	11%
Identity Theft	77%	23%
Death	60%	40%
Closed School	55%	45%
Total & Permanent Disability	39%	61%
Borrower Defense to Repayment (BDR)	23%	77%
VA Discharge	10%	90%
Other (Co-Borrower, PAYE, REPAYE, Income-Based or Income-Contingent Loan Forgiveness, Unpaid Refunds)	10%	90%
Bankruptcy, Chapter 13 and Other	0%	100%
Public Service Loan Forgiveness Programs (PSLF)	.	100%
Teacher Loan Forgiveness	.	100%
<b>Total</b>	<b>19%</b>	<b>81%</b>

## HARDSHIP EXEMPTIONS: PAUSING OR REDUCING FORCED COLLECTIONS

Almost nine-in-ten dollars recovered from borrowers with federal student loans in default in FY2019 were collected through forced collection tools, which allow the collector to take money from the borrower without their consent.

Before forced collection activity can start, borrowers have certain due process rights including, in general, the right to notice before collection activity begins and, in certain circumstances, the right to have their collections paused or reduced upon request.<sup>61</sup> Borrowers that chose to request a reduction or suspension, however, often face administrative hurdles including the need to locate and complete an application and provide additional documentation establishing their

<sup>59</sup> U.S. Department of Education, Office of Federal Student Aid, *Discharge and Forgiveness by Default Status*, (CFPB analysis of confidential data obtained through an administrative information transfer).

<sup>60</sup> *Id.*

<sup>61</sup> U.S. Department of Education, Office of Federal Student Aid, *Collections on Defaulted Loans*, (accessed Sep. 25, 2025), <https://studentaid.gov/manage-loans/default/collections>.

financial hardship. Complicating matters further, documentation requirements and the applicable degree of financial hardship differs depending on the collection tool to which the borrower is subject.

Too often borrowers are unable to access protections that would prevent forced collections from causing financial hardships for themselves and their families by reducing the severity of these collections. In particular, the existing default collection system provides two ways to reduce or pause forced collections. First, certain minimum amounts of income are automatically protected from any forced collections. Second, borrowers can pause forced collections by showing that collections would represent a financial hardship.

When borrowers do attempt to access these protections, many describe their experiences as confusing and note that they struggled to find accurate information when they sought help. Communication handoffs between servicers and debt collectors during the default process can cause consumer confusion as to whom questions should be directed.<sup>62</sup> As they attempt to request protections, borrowers may reach out to the Office of Federal Student Aid, their pre-default loan servicer, the debt collection agency, or the party managing their offset or garnishment (e.g., the Department of the Treasury or their employer).<sup>63</sup> This confusion can result in scenarios where eligible borrowers are still unable to have forced collections paused or suspended even when they do submit requests.<sup>64</sup>

## 2.2 Private Student Loans

Although the federal student loan system faces many serious challenges, the private loan system can often be a riskier alternative for borrowers. Private student loans are typically more expensive and offer fewer protections and less favorable terms than federal loans.<sup>65</sup>

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<sup>62</sup> Consumer Financial Protection Bureau, *Annual Report of the CFPB Student Loan Ombudsman*, (Oct. 2016), [https://files.consumerfinance.gov/f/documents/102016\\_cfpb\\_Transmittal\\_DFA\\_1035\\_Student\\_Loan\\_Ombudsman\\_Report.pdf](https://files.consumerfinance.gov/f/documents/102016_cfpb_Transmittal_DFA_1035_Student_Loan_Ombudsman_Report.pdf).

<sup>63</sup> U.S. Department of the Treasury, Report on Initial Observations From the Fiscal-Federal Student Aid Pilot for Servicing Defaulted Student Loan Debt Submitted to Senator Patty Murray, (Jul. 2016), <https://web.archive.org/web/20170505171630/https://www.treasury.gov/connect/blog/Documents/student-loan-pilot-report-july-2016.pdf> at 5.

<sup>64</sup> National Consumer Law Center, *Student Loan Law* (7<sup>th</sup> Ed. 2023), (accessed Feb. 23, 2023), <https://library.nclc.org/book/student-loan-law> at 9.2.

<sup>65</sup> See, e.g., Consumer Fin. Prot. Bureau, *High Interest Rates Set to Increase the Cost of Student Loans in 2024*, CFPB BLOG (Sep. 13, 2024), <https://www.consumerfinance.gov/about-us/blog/high-interest-rates-set-to-increase-the-cost-of-student-loans-in-2024/>.

Private student loans comprise at least \$148 billion in outstanding volume, or roughly 8 percent of outstanding student debt.<sup>66</sup> However, this figure likely underestimates the total amount of education-related debt held by other private market participants including Buy Now, Pay Later lenders,<sup>67</sup> colleges and universities,<sup>68</sup> and credit card issuers.<sup>69</sup>

During the Award Year, the CFPB received approximately 5,500 complaints related to private student loans, of which the Student Loan Ombudsman's Office manually reviewed a random sample of 2,031.

## 2.2.1 Top Entities

Among all private student loan complaints submitted to the CFPB, Navient received the highest share (22 percent) of private student loan complaints (Figure 6). The next most common recipients of these complaints were MOHELA and other regulators, with 16 percent and 12 percent respectively. Most complaints sent to other regulators concerned financial issues with colleges and schools.

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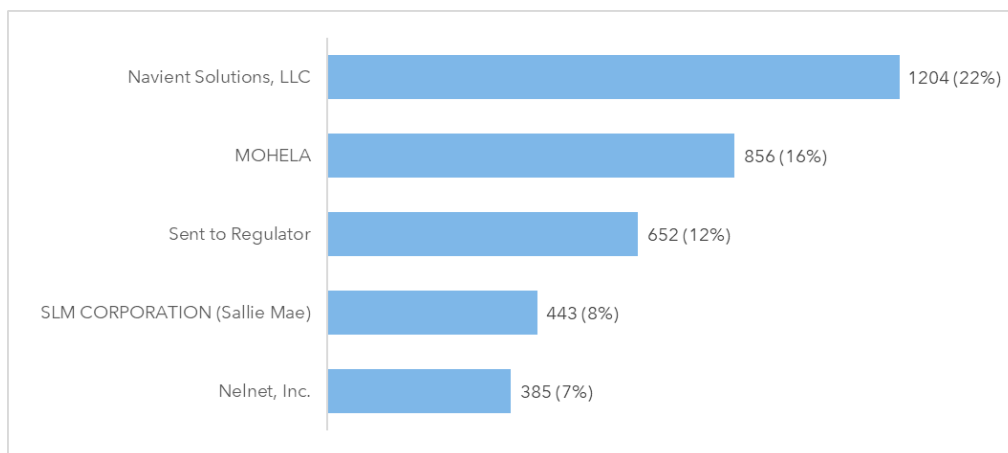
<sup>66</sup> This estimate was calculated by subtracting the total amount of outstanding federal student loans (\$1.666 trillion) reported by the Department of Education from the Federal Reserve Board's estimate of the total outstanding student loan amount (\$1.814 trillion). *See also* Fed. Rsv. Board, *Consumer Credit - G.19, HISTORICAL DATA* (Sept. 2025), <https://www.federalreserve.gov/releases/g19/20240909/>; *Federal Student Aid Portfolio Summary*, U.S. DEPT. OF EDUC., FEDERAL STUDENT LOAN PORTFOLIO, <https://studentaid.gov/data-center/student/portfolio> (FFY 2025 Q3).

<sup>67</sup> *See* Consumer Financial Protection Bureau, (Sep. 2023), *Tuition Payment Plans in Higher Education*, [https://files.consumerfinance.gov/f/documents/cfpb\\_tuition\\_payment\\_plan\\_report\\_2023-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_tuition_payment_plan_report_2023-09.pdf) at 16. *See also* Consumer Financial Protection Bureau, *Buy Now, Pay Later: Market Trends and Consumer Impacts* (Sep. 15, 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_buy-now-pay-later-market-trends-consumer-impacts\\_report\\_2022-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_buy-now-pay-later-market-trends-consumer-impacts_report_2022-09.pdf) at 36. This report states that there was a 1,028 percent increase in the education sub-vertical among five BNPL lenders surveyed by the CFPB from 2019 to 2021.

<sup>68</sup> CONSUMER FIN. PROT. BUREAU, *TUITION PAYMENT PLANS IN HIGHER EDUCATION* (2023), <https://www.consumerfinance.gov/data-research/research-reports/tuition-payment-plans-in-higher-education/>.

<sup>69</sup> CONSUMER FIN. PROT. BUREAU, *2023 COLLEGE BANKING AND CREDIT CARD AGREEMENTS* (2023), <https://www.consumerfinance.gov/data-research/research-reports/2023-college-banking-and-credit-card-agreements/>.

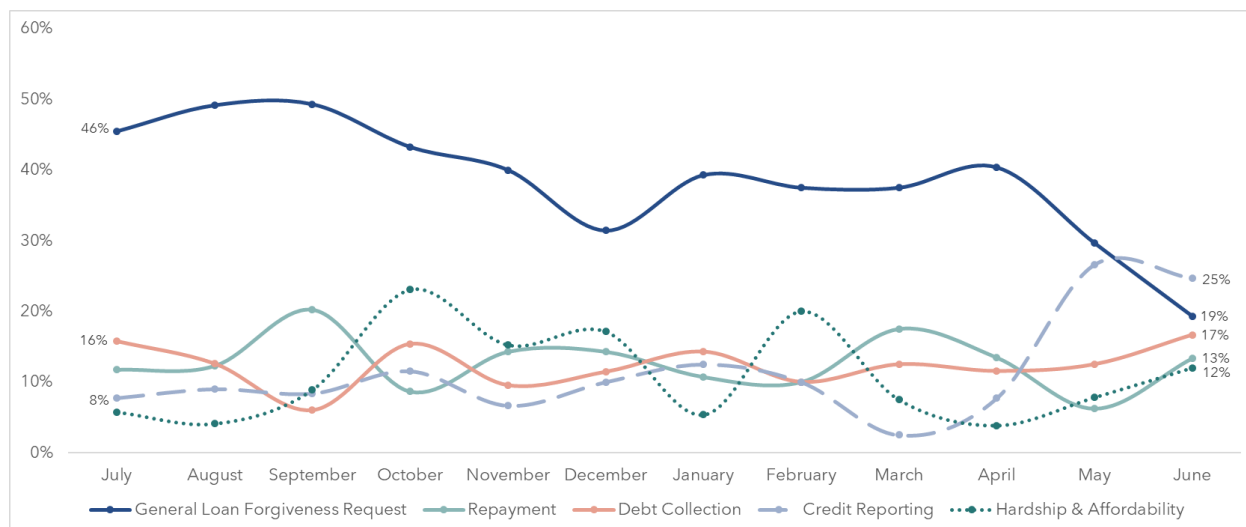
**FIGURE 8. TOP PRIVATE STUDENT LOAN ENTITIES MENTIONED BY VOLUME, AY24-25**



## 2.2.2 Top Issues

At the start of the Award Year, almost half of all private student loan complaints in our sample (46 percent) were submitted by borrowers seeking loan cancellation (Figure 9). In almost four-in-five of these complaints, borrowers said that their school misled or defrauded them and that they would like to apply for loan cancellation. By the end of the Award Year, private student loan borrowers were complaining most often about issues with credit reporting, with that category receiving 25 percent of complaints in June 2025 (Figure 9).

**FIGURE 9. TOP PRIVATE STUDENT LOAN ISSUE TAGS IN CFPB COMPLAINT SAMPLE BY MONTH, AY24-25**



Other common issues included debt collection,<sup>70</sup> repayment (including issues with payment processing, terms of repayment, auto-pay, and more),<sup>71</sup> and hardship and affordability (complaints in which borrowers typically expressed frustration about the cost of their loans, expressed an inability to repay, and/or requested lower monthly payments).<sup>72</sup>

### 2.2.2.1 College Pricing

Another common type of complaint is from borrowers about their schools—typically, these complaints are related to institutional debts, school misconduct,<sup>73</sup> and debt collection efforts. Unfortunately, the CFPB does not publish many of these complaints because universities are not currently registered as entities in the Consumer Complaint system. However, colleges can be covered entities under the Consumer Financial Protection Act (CFPA) when they offer or provide private education loans, engage in financial advisory services, broker loans, or otherwise offer or provide a consumer financial product or service. Arguably, this could include the use of financial aid offers that advise students on their individual financial situation and may include offers of credit (federal or private loans) which frequently rely on algorithms to determine total debt offered.

Over the past year, the Student Loan Ombudsman’s Team has been examining the problem of college tuition pricing, which has increased by almost 185 percent since 2000, vastly outpacing the inflation rate of 87 percent over the same period.<sup>74</sup> However, the full “sticker” price is rarely paid in practice, with the average “discount” for students being over 50 percent.<sup>75</sup> While these discounts are often called “awards,” the reality is much more complicated. In fact, most of the nation’s universities contract pricing decisions for individual students out to enrollment management companies who use algorithms containing variables such as website visits, ZIP

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<sup>70</sup> See, e.g., COMPLAINT DATABASE Complaint ID# 10803092, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/10803092>. See also, e.g., COMPLAINT DATABASE Complaint ID# 13078137, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/13078137>.

<sup>71</sup> See, e.g., COMPLAINT DATABASE Complaint ID# 11028260, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/11028260>. See also, e.g., COMPLAINT DATABASE Complaint ID# 12204352, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12204352>. In this case, a borrower who intended to refinance a loan complained that the original loan had not been paid off. In its response, the lender said that they had sent the check to the incorrect servicer and had corrected the error.

<sup>72</sup> See, e.g., COMPLAINT DATABASE Complaint ID# 12215416, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/12215416>. In this case, the borrower stated that they were at risk of homelessness and unemployment and needed a temporary adjustment of payments based on hardship. In their response, the lender stated that the borrower was not eligible for any reduced payment options.

<sup>73</sup> See, e.g., COMPLAINT DATABASE Complaint ID# 14029957, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/14029957>.

<sup>74</sup> Cooper, P. (Jun. 4, 2025), “Competitors or Cartel? The Anticompetitive Characteristics of Elite Higher Education,” *American Enterprise Institute*, [https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/cooper-testimony\\_1.pdf](https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/cooper-testimony_1.pdf).

<sup>75</sup> This estimate is based on a 2023 NACUBO survey administered at 325 private, non-profit colleges. See, e.g., Moody, J., (Apr. 25, 2023), “Tuition Discount Rates Hit New High,” *Inside Higher Ed*, <https://www.insidehighered.com/news/business/revenue-strategies/2023/04/25/tuition-discount-rates-hit-new-high>.

codes, and more to determine the maximum price a prospective student and their family might pay to attend the school. Most often, the goal of this practice is to increase institutional revenue, maximize enrollment, and rise in the national rankings.<sup>76</sup>

As noted by Chairman Scott Fitzgerald (WI-05) of the House Judiciary Subcommittee on the Administrative State, Regulatory Reform, and Antitrust in a hearing on June 4th, 2025, this is largely the result of problematic enrollment management practices by universities and their partners in the anticompetitive enrollment management industry.<sup>77</sup> The enrollment management industry is largely dominated by two firms.<sup>78</sup> This means that aid offers, which for all students create the true price of college attendance, are not only different for every student based on some factors that they cannot control or are not aware of, but are also affected by a lack of competition when students are accepted to multiple schools that use the same enrollment management company, data, or algorithm.<sup>79</sup>

Scholars have identified related practices such as aid “leveraging,” whereby tuition is “discounted” for affluent students that colleges want to attract rather than according to need; “aid displacement,” where students’ scholarships replace rather than supplement other sources of financial aid; and other aid packaging strategies that systematically raise prices. Thus, enrollment management companies are effectively setting prices for millions of students nationwide and could be artificially raising the cost of college for the students through “optimized” algorithmic pricing.<sup>80</sup>

These prices are then communicated through notoriously confusing and often misleading financial aid “award letters,” which act as both educational pricing and loan “offers.”<sup>81</sup> In 2022,

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<sup>76</sup> Burd, S. ed.; (2024), *Lifting the Veil on Enrollment Management: How a Powerful Industry is Limiting Social Mobility in American Higher Education*, Harvard Education Press.

<sup>77</sup> Martin, S. (Jun. 4, 2025), Written Statement of Scott Martin for the Subcommittee on the Administrative State, Regulatory Reform, and Antitrust of the Committee on the Judiciary, <https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/martin-testimony.pdf>. Mr. Martin’s testimony stated that “There are numerous opportunities for [higher education] entities to collude – whether directly, such as at meetings of university presidents, or facilitated through intermediaries such as the College Board.”

<sup>78</sup> See Engler, A. (Sep. 14, 2021), “Enrollment algorithms are contributing to the crises of higher education,” *The Brookings Institute*, <https://www.brookings.edu/articles/enrollment-algorithms-are-contributing-to-the-crises-of-higher-education/>.

<sup>79</sup> See, e.g., U.S. House of Representatives, Committee on the Judiciary, (Oct. 1, 2025), *Republicans Demand Information From Firms That Help Set College Prices*, <https://judiciary.house.gov/media/in-the-news/republicans-demand-information-firms-help-set-college-prices>.

<sup>80</sup> See Engler, A. (Sep. 14, 2021), “Enrollment algorithms are contributing to the crises of higher education,” *The Brookings Institute*, <https://www.brookings.edu/articles/enrollment-algorithms-are-contributing-to-the-crises-of-higher-education/>.

<sup>81</sup> See, e.g., U.S. Government Accountability Office, (Nov. 1, 2022), *Financial Aid Offers: Action Needed to Improve Information on College Costs and Student Aid*, <https://www.gao.gov/products/gao-23-104708>. This report states that some colleges estimate the “net price” by subtracting student loans from the cost of attendance and that these colleges “do not present the full net price because students generally must repay their student loans eventually. Additionally, subtracting student loans in the net price estimate presents loans as the default method for paying for college, potentially encouraging students to borrow more than they otherwise would.”

the Government Accountability Office found that 76 percent of award letters reviewed incorrectly referred to loans as “awards” and 58 percent did not label the source of aid (e.g. whether a loan is federal, state, private, or institutional)—leading to widespread confusion for students and families about what the true cost of college will be.<sup>82</sup> In this way, schools may be engaging in financial services such as pricing, financial advising, institutional lending, and loan brokering.<sup>83</sup>

Scholars have described the “enrollment management” process as an “arms race” that aims to lure the most affluent students to colleges. These practices may violate consumer protection laws such as the Truth in Lending Act, the Equal Credit Opportunity Act, and the Dodd-Frank Act’s prohibition on unfair, deceptive, and abusive acts and practices (UDAAP).<sup>84</sup> And because of the market concentration and widespread reliance on these firms, this conduct may also violate anti-trust laws because it effectively sets market-wide prices that may be artificially high for certain segments of consumers and non-competitive based on the use of shared algorithms across an industry.<sup>85,86</sup>

## 2.2.2.2 Private Loan Cancellation Based on School Misconduct

If a student takes out a loan to attend a school that misleads or defrauds them, there may be avenues through which they can pursue student loan cancellation. For example, borrowers who have loans held by the Department of Education and who have been defrauded by their schools can apply to have their federal student loans considered for discharge through a program called Borrower Defense to Repayment (BDR).<sup>87</sup> Since 2021, the Department of Education has

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<sup>82</sup> *Ibid.*

<sup>83</sup> CONSUMER FIN. PROT. BUREAU, 2024 COLLEGE BANKING AND CREDIT CARD AGREEMENTS (2024), <https://www.consumerfinance.gov/data-research/research-reports/college-banking-and-credit-card-agreements/>.

<sup>84</sup> Barnard, J. (Dec. 12, 2024), “Prepared Remarks of the Student Loan Ombudsman Julia Barnard to the Consumer Federation of America,” *Consumer Financial Protection Bureau*, <https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-of-the-student-loan-ombudsman-julia-barnard-to-the-consumer-federation-of-america/>.

<sup>85</sup> *See, e.g.*, U.S. Department of Justice, Antitrust Division, (Jul. 7, 2022), *Statement of Interest of the United States in Carbone v. Brown University*, <https://www.justice.gov/atr/case-document/file/1518171/dl>. The Department of Justice wrote in this statement that “It is not hard to see why schools agreeing on how to determine need-based financial aid should be treated similarly. For example, if schools agree to a common method that results in an expected family contribution of \$20,000 for a particular student, they can charge that student a net price of \$20,000 without fear that the student will pick a rival school based on a more generous need-based financial aid offer. An agreement on the methodology used to calculate need-based financial aid offers therefore eliminates an important dimension of price competition among schools – whether the offers are identical, or the differences are simply narrowed – in the same way that an agreement on the minimum net price of attendance eliminates price competition.”

<sup>86</sup> *See, e.g.*, U.S. Federal Trade Commission, (Mar. 28, 2024), *FTC and DOJ File Statement of Interest in Hotel Room Algorithmic Price-Fixing Case*, <https://www.ftc.gov/news-events/news/press-releases/2024/03/ftc-doj-file-statement-interest-hotel-room-algorithmic-price-fixing-case>. This press release states that “Companies across the economy are increasingly using algorithms to determine their prices. When a small group of algorithm providers can influence a major segment of a market, competitors are better able to use the algorithm provider to facilitate collusion. The risk is even greater as markets have become more concentrated across a wide range of industries.”

<sup>87</sup> *See* 34 C.F.R. §§ 685.206, 685.222.

cancelled federal student loans for almost 1.8 million borrowers who were cheated by their schools, saw their institutions precipitously close, or who were provided with federal student loan relief under related court settlements.<sup>88</sup>

Federal discharge programs, including BDR, do not apply to private student loans. However, other legal protections give borrowers the right to seek discharges on some of these loans. Where private student loans include noteholder liability clauses, a holder of a student loan contract is subject to all claims and defenses that the borrower would have been able to assert against the seller. Noteholder liability language thus may provide borrowers with contractual rights related to their repayment obligations on their private student loans due to school misconduct.

One common example of a noteholder liability clause is the clause required under the Federal Trade Commission's (FTC's) Holder-in-Due-Course Rule (Holder Rule), which mandates that certain credit transactions, including educational financing transactions, include language acknowledging that the borrower can assert the same claims and defenses against the holder of the credit contract as they can against the original merchant.<sup>89</sup> Where a private student loan includes noteholder liability language, it is possible that the borrower could challenge that loan based on the same underlying facts and circumstances that resulted in the discharge of federal loans under BDR.<sup>90</sup>

Hundreds of borrowers with private student loans have complained to the CFPB about their private student loans because they attended schools that (1) misled them about job placement rates and likely earnings after graduation,<sup>91</sup> (2) gave them inaccurate information that they relied upon when they made the decision to attend,<sup>92</sup> or (3) engaged in other fraudulent activities.<sup>93,94</sup>

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<sup>88</sup> See, e.g., President Biden, (Jan. 13, 2025), *Statement from President Joe Biden on Approving Student Debt Cancellation for Over 5 Million Americans*, <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2025/01/13/statement-from-president-joe-biden-on-approving-student-debt-cancellation-for-over-5-million-americans/>.

<sup>89</sup> 16 C.F.R. Part 433. A borrower's successful challenge to the validity of a loan under the Holder Rule would result in the discharge or cancellation of the debt by the current loan holder and appropriate corrections to credit reporting. The FTC has stated that the Holder Rule applies to higher education financing.

<sup>90</sup> Consumer Financial Protection Bureau, (Oct. 2022), *Report of the CFPB Education Loan Ombudsman*, [https://files.consumerfinance.gov/f/documents/cfpb\\_education-loan-ombudsman\\_report\\_2022-10.pdf](https://files.consumerfinance.gov/f/documents/cfpb_education-loan-ombudsman_report_2022-10.pdf) at 34-40.

<sup>91</sup> COMPLAINT DATABASE Complaint ID# 9471473 (Aug. 10, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9471473>.

<sup>92</sup> COMPLAINT DATABASE Complaint ID# 10673796 (Nov. 4, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/10673796>.

<sup>93</sup> COMPLAINT DATABASE Complaint ID# 9927416 (Aug. 26, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9927416>.

<sup>94</sup> For more information on documented school misconduct/closure and related loan cancellation, see Office of the New York State Attorney General, (Jan. 13, 2022), "Attorney General James Secures \$1.85 Billion from Deceptive Student Loan Servicer Navient," <https://ag.ny.gov/press-release/2022/attorney-general-james-secures-185-billion-deceptive-student-loan-servicer#:~:text=NEW%20YORK%20%E2%80%93%20New%20York%20Attorney,more%20than%20they%20should%20have>. See also Federal Student Aid, "Apply for Borrower Defense Loan Discharge," <https://studentaid.gov/borrower-defense/>.

The following analysis presents the findings of a review of over 700 complaints from borrowers requesting private loan cancellation due to school misconduct that were submitted to the CFPB between October 2023 and October 2024.<sup>95</sup> The Student Loan Ombudsman identified these complaints through its ongoing review of student loan complaints submitted to the CFPB.<sup>96</sup>

The analysis reveals that many borrowers, when raising allegations of misconduct with their lenders, holders, and servicers,<sup>97</sup> face inaccurate statements, poor customer service, and problematic denials. Specifically:

1. Many borrowers report that their loan holders were unwilling to consider their challenges;
2. Borrowers who were denied cancellation report that they were often not given information about the criteria used to evaluate claims or the specific reason for their denial; and
3. Borrowers were often denied loan cancellation or consideration of cancellation even when they had been approved for federal student loan cancellation based on the same school misconduct.

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<sup>95</sup> Note that this period differs from the period typically referenced in this report (Award Year 2024-2025).

<sup>96</sup> The Student Loan Ombudsman has manually reviewed 2,433 total private student loan complaints submitted to the CFPB between October 2023 and October 2024 and identified the 723 complaints presented in this analysis from this group as those related to cancellation due to school misconduct. <sup>97</sup> In the private student loan market, a lender is an entity that originates a loan; a holder is an entity that owns a loan (which may or may not be the same entity that originated the loan, depending on whether the loan has subsequently been acquired by another entity); and a servicer is an entity that is contracted by the loan holder to perform basic operational functions for loan portfolios on the holder's behalf. Borrowers may not always understand the difference between these parties and the relevant parties may change over time.

<sup>97</sup> In the private student loan market, a lender is an entity that originates a loan; a holder is an entity that owns a loan (which may or may not be the same entity that originated the loan, depending on whether the loan has subsequently been acquired by another entity); and a servicer is an entity that is contracted by the loan holder to perform basic operational functions for loan portfolios on the holder's behalf. Borrowers may not always understand the difference between these parties and the relevant parties may change over time.

Last year, the CFPB’s Supervision Division directed certain private student lenders and servicers that had engaged in deceptive and unfair conduct in connection with their liability as noteholders “to maintain and publicize a robust process to consider borrower claims of misconduct by their school,” adding that this process must be public, easily accessible, and not unduly burdensome for the borrower.<sup>98</sup> Additionally, the Supervision Division directed those entities to give “due deference” findings by ED or the courts regarding claims of misconduct, fraud, or misrepresentation<sup>99</sup> and called for a claims review process that “ensures any denials are individualized and detailed.”<sup>100</sup>

## **REFUSAL TO CONSIDER CLAIMS**

Consumers report that many servicers and lenders have failed to provide a process or information regarding borrowers’ right to seek cancellation as a result of school misconduct and oftentimes refuse to acknowledge or consider borrower claims. In the identified 723 complaints requesting private student loan cancellation and associated company responses, private student loan lenders and/or holders and servicers declined to consider such requests in roughly one-in-five cases (18 percent).<sup>101</sup>

In company responses to these complaints, many borrowers were told they could not have their claims considered regardless of the underlying conduct of their school. Some borrowers were told by their loan holders that no policy existed for discharging loans due to either school misconduct<sup>102</sup> or closure<sup>103</sup> and that therefore their requests must be denied.

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<sup>98</sup> See Consumer Financial Protection Bureau (Dec. 2024), *Supervisory Highlights: Special Edition Student Lending (Issue 36)*, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights-special-ed-student-lending-issue-36-winter\\_2024-12.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights-special-ed-student-lending-issue-36-winter_2024-12.pdf) (at 11).

<sup>99</sup> *Id.*

<sup>100</sup> *Id.*

<sup>101</sup> 54 complaints in this dataset were deemed not actionable or were routed to other agencies because the consumer did not specify a financial service provider in their narrative and thus could not receive a response on the CFPB’s complaint portal.

<sup>102</sup> COMPLAINT DATABASE Complaint ID# 9733862 (Aug. 7, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9733862>.

<sup>103</sup> COMPLAINT DATABASE Complaint ID# 8937962 (May 7, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8937962>.

Others were told by their servicers that their lenders did not have such policies, or were not pursuing any investigations or resolutions related to fraud,<sup>104</sup> and that their servicers were unable to negotiate the matter.<sup>105</sup> Others were told that they lost the ability to raise cancellation claims because they had refinanced their loan(s)<sup>106</sup> or that their loans were ineligible for cancellation via federal programs such as BDR, which does not accurately or completely address the consumers' complaints.<sup>107</sup>

## **BARRIERS TO ASSISTANCE**

In March of 2024, consumer complaints began to refer to the fact that one large private student loan holder, Navient, had developed a process for intaking cancellation requests and started sending standardized school misconduct discharge applications (SMDAs) to borrowers it had determined were eligible to apply. In the identified 723 complaints, the CFPB found 407 complaints that refer to this standardized application, and many refer to burdensome accessibility challenges (Table 3).

Navient has not published the application or advertised its availability, so to receive the application borrowers must directly request one from a Navient representative via email or phone.<sup>108</sup> Borrower complaints describe encountering customer service representatives who did not appear to be trained about how to provide applications,<sup>109</sup> denied that the application existed,<sup>110</sup> or refused to send the application to the borrower without giving a reason.<sup>111</sup> Many borrowers have also told the CFPB that they had to make multiple requests to receive an application before they finally received it.<sup>112</sup>

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<sup>104</sup> COMPLAINT DATABASE Complaint ID# 10267508 (Sep. 27, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/10267508>.

<sup>105</sup> COMPLAINT DATABASE Complaint ID# 8987726 (May 12, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8987726>. Some servicers responded to complaints by stating that they would forward the matter to the borrower's loan holder, while other servicers declined to do so.

<sup>106</sup> COMPLAINT DATABASE Complaint ID# 8766368 (Apr. 13, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8766368>.

<sup>107</sup> COMPLAINT DATABASE Complaint ID# 9001375 (May 14, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9001375>. See also Complaint 9174411 (Jun. 4, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9174411>.

<sup>108</sup> Since its inception, multiple news organizations and advocacy groups have spread awareness of the SMDA to borrowers. On May 30, 2024, the Project on Predatory Student Lending launched an awareness campaign regarding the SMDA, which included a webpage instructing borrowers on how to request and fill out an application as well as a static copy of the application. See <https://www.ppsl.org/news/borrower-defense-private-student-loans-campaign-launch>; <https://www.nytimes.com/2024/05/30/business/navient-private-student-loan-debt.html>.

<sup>109</sup> COMPLAINT DATABASE Complaint ID# 9596469 (Jul. 23, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9596469>.

<sup>110</sup> COMPLAINT DATABASE Complaint ID# 8950891 (May 7, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8950891>.

<sup>111</sup> COMPLAINT DATABASE Complaint ID# 9178901 (Jun. 5, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9178901>.

<sup>112</sup> COMPLAINT DATABASE Complaint ID# 9471473 (Jul. 10, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9471473>.

**TABLE 3. COMPLAINTS INVOKING NAVIENT'S SCHOOL MISCONDUCT DISCHARGE APPLICATION (SMDA)**

	<b>Number of Complaints</b>	<b>Share of SMDA-Related Complaint Volume</b>
Describe Submitting a SMDA	268	66%
Describe Waiting to Receive a SMDA	139	34%
<b>Total</b>	<b>407</b>	<b>100%</b>

Furthermore, some borrowers were told that they did not qualify to receive an application or were ineligible to apply because of the specific type of loan they had. Loan types cited by Navient as disqualifying or ineligible, according to complaints, include (1) refinanced or consolidated loans,<sup>113</sup> (2) direct-to-consumer loans,<sup>114</sup> (3) loans used to finance attendance at non-profit schools,<sup>115</sup> and (4) loans that were paid in full.<sup>116</sup>

Just over one-in-three (34 percent) of the reviewed complaints that reference the SMDA were submitted by borrowers waiting to receive an application at the time of their submission (Table 5). In responding to nearly half of these 139 complaints, Navient declined to provide an application.

#### **UNEXPLAINED DENIAL OF CLAIMS**

Of the 268 complaints reviewed that describe submitting a standardized school misconduct discharge application (SMDA), 84 percent describe receiving a denial (Table 4).

**TABLE 4. SCHOOL MISCONDUCT DISCHARGE APPLICATION (SMDA) SUBMISSION OUTCOMES**

	<b>Number of Complaints</b>	<b>Share of Complaint Volume</b>
Denied	225	84%
Waiting to Hear Back	23	8%
Approved	20	8%
<b>Total</b>	<b>268</b>	<b>100%</b>

<sup>113</sup> COMPLAINT DATABASE Complaint ID# 9095680 (May 24, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9095680>.

<sup>114</sup> COMPLAINT DATABASE Complaint ID# 8960047 (May 8, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8960047>.

<sup>115</sup> COMPLAINT DATABASE Complaint ID# 9307269 (Jun. 20, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9307269>.

<sup>116</sup> COMPLAINT DATABASE Complaint ID# 8978471 (May 10, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/8978471>.

In nearly two-thirds (64 percent) of borrower complaints describing a SMDA denial, borrowers reported receiving the following template denial language:

*“We have completed a review of your application and have determined your applicable private student loans are not eligible for discharge due to the following reason(s): Navient carefully considers a variety of factors in determining whether a private loan should be discharged based on school misconduct and you do not meet the requirements for discharge based on misconduct by your school.”<sup>117</sup>*

In hundreds of cases where these borrowers requested more information about their denial, Navient declined to elaborate, using more template language to state that the “analysis is confidential and proprietary” and that “it is not possible to identify specific criteria that caused your application to be denied.”

#### **BORROWERS DENIED PRIVATE CANCELLATION RELATED TO SCHOOL MISCONDUCT DESPITE RELEVANT FINDINGS**

Finally, private loan holders are issuing denials in cases where the Department of Education and other federal and state regulators have made specific findings about fraud and misconduct pertaining to the school that the borrower attended (Table 5).

**TABLE 5. SCHOOLS WITH LARGE COMPLAINT SHARES AND RELEVANT LEGAL FINDINGS<sup>118</sup>**

School	Owner	Count	Share
<b>The Art Institutes<sup>119</sup></b>	Education Management	290	40%

<sup>117</sup> COMPLAINT DATABASE Complaint ID# 9691436 (Aug. 2, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9691436>.

<sup>118</sup> A school with a large complaint share is defined in this instance as a school in the sample with over 15 matched complaints. 254 other complaints not included in this table either reference schools that received fewer than 15 related complaints within the entire sample, do not reference an identifiable school, or reference a school where there were not legal findings of misconduct. The top schools within this group of complaints were American International University (which received 12 complaints), Corinthian Colleges (10), University of Phoenix (8), and BloomTech (7).

<sup>119</sup> U.S. Department of Education (May 1, 2024), Biden-Harris Administration Approves \$6.1 Billion Group Student Loan Discharge for 317,000 Borrowers Who Attended The Art Institutes, <https://www.ed.gov/about/news/press-release/biden-harris-administration-approves-61-billion-group-student-loan> (This group discharge applies to all “borrowers who enrolled at any Art Institute campus on or after Jan. 1, 2004, through Oct. 16, 2017. The U.S. Department of Education (Department) found that The Art Institutes and its parent company, Education Management Corporation (EDMC), made pervasive and substantial misrepresentations to prospective students about postgraduation employment rates, salaries, and career services during that time.”)

School	Owner	Count	Share
<b>ITT Technical Institute</b> <sup>120</sup>	ITT Educational Services, Inc.	44	6%
<b>DeVry University</b> <sup>121</sup>	DeVry	44	6%
<b>Brooks Institute</b> <sup>122</sup>	Career Education Corporation	29	4%
<b>Sanford Brown College</b> <sup>123</sup>	Career Education Corporation	28	4%
<b>Le Cordon Bleu</b> <sup>124</sup>	Career Education Corporation	19	3%
<b>Westwood College</b> <sup>125</sup>	Alta Colleges, Inc.	15	2%

Of the hundreds of complaints submitted by borrowers that describe or ultimately ended in a denial of a private loan cancellation request, over half (57%) describe already being approved for federal loan discharges related to the same educational experience.<sup>126</sup> In some cases, loan holders told borrowers directly that “A determination from the U.S. Department of Education that federal loans are entitled to discharge through Borrower Defense to Loan Repayment does not mean that private loans will be discharged.”<sup>127</sup>

<sup>120</sup> See Consumer Financial Protection Bureau (Aug. 12, 2019), *Consumer Financial Protection Bureau Settles Lawsuit Against ITT Educational Services*, <https://www.consumerfinance.gov/about-us/newsroom/bureau-settles-lawsuit-against-itt-educational-services/>; See also U.S. Department of Education (Oct. 31, 2023), *Education Department approves \$3.9 billion group discharge for 208,000 borrowers who attended ITT Technical Institute*, <https://www.ed.gov/about/news/press-release/education-department-approves-39-billion-group-discharge-208000-borrowers>.

<sup>121</sup> U.S. Department of Education (Feb. 16, 2022), *Education Department Approves \$415 Million in Borrower Defense Claims Including for Former DeVry University Students*, <https://www.ed.gov/about/news/press-release/education-department-approves-415-million-borrower-defense-claims>.

<sup>122</sup> See, e.g., Federal Trade Commission (Jun. 9, 2021), *FTC Sends Nearly \$30 Million in Refunds to People Tricked into Enrolling by School Operator’s Lead Generators*, <https://www.ftc.gov/news-events/news/press-releases/2021/06/ftc-sends-nearly-30-million-refunds-people-tricked-enrolling-school-operators-lead-generators>; See also, e.g., Office of the Pennsylvania Attorney General (Jan. 3, 2019), *Attorney General Shapiro Announces For-Profit College Company Will Provide \$493 Million in Debt Relief for Over 179,000 Students Nationwide*, <https://www.attorneygeneral.gov/taking-action/attorney-general-shapiro-announces-for-profit-college-company-will-provide-493-million-in-debt-relief-for-over-179000-students-nationwide/>.

<sup>123</sup> See *supra* note 123.

<sup>124</sup> See *supra* note 123.

<sup>125</sup> U.S. Department of Education (Aug. 30, 2022), *Education Department Approves \$1.5 billion in Debt Relief for 79,000 Borrowers Who Attended Westwood College*, <https://www.ed.gov/about/news/press-release/education-department-approves-15-billion-debt-relief-79000-borrowers-who>.

<sup>126</sup> This group of borrowers attended programs where the U.S. Department of Education or courts have publicized findings related to claims of misconduct, fraud, or misrepresentation that resulted in discharges of federal loans that borrowers used to attend those schools. See U.S. Department of Education, *Apply for Borrower Defense Loan Discharge*, <https://studentaid.gov/borrower-defense/> (accessed Dec. 21, 2024).

<sup>127</sup> COMPLAINT DATABASE Complaint ID# 9471473 (Aug. 10, 2024), <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/9471473>.

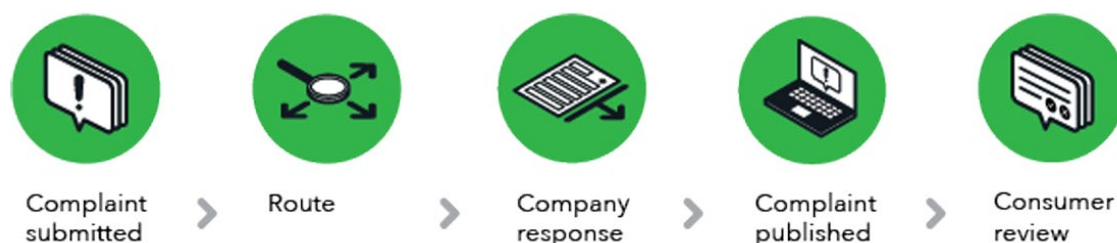
Over the past year, the Student Loan Ombudsman has seen increasing consumer interest in the ability to raise claims related to private student loan cancellation as many borrowers have seen federal loans related to the same school or degree program cancelled. Some private lenders and servicers have failed to implement standard processes and communications for impacted borrowers and have failed to adequately consider claims related to private student loans that were used to fund education at schools that deceived or defrauded their students.

# 3 Effectiveness

Effectiveness is defined as the extent to which the Student Loan Ombudsman can help consumers resolve the problems they complain about. This involves the consumer complaint process itself, along with case work, inter-agency work, and collaboration with lenders and servicers. Unfortunately, over the past year, case resolution has become harder and harder to achieve.

The first line of defense in complaint resolutions is the typical complaint process, where all borrowers are meant to receive responses (Figure 10).

**FIGURE 10. CONSUMER COMPLAINT PROCESS**



Typically, the Bureau defines adequacy in complaint response in three ways: timeliness, completeness, and accuracy.<sup>128</sup> Over the past year, approximately one quarter (24 percent) of complaints sent to companies about federal student loans were not responded to in a timely manner (Table 6).<sup>129</sup> This rate was up over 200 percent compared to the prior year, when approximately 11 percent of responses were untimely.

The extended timeline in Award Year (AY) 2024-2025 was driven primarily by the response rates of the Office of Federal Student Aid (92 percent of complaints sent to company were untimely) and MOHELA (38 percent of complaints sent to company were untimely).

<sup>128</sup> See Consumer Financial Protection Bureau, *Consumer Response Annual Report: January 1 – December 31, 2024* (2025), [https://files.consumerfinance.gov/f/documents/cfpb\\_cr-annual-report\\_2025-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_cr-annual-report_2025-05.pdf) pages 16-18.

<sup>129</sup> Complaints in which a company did not provide a response within 15 calendar days of the complaint being sent to the company – or within 60 days if the company requested more time – are reflected in the Consumer Complaint Database as not having received a timely response.

**TABLE 6. FEDERAL STUDENT LOAN COMPLAINT RESPONSE TIMELINESS BY ENTITY, AY 2024-2025**

Entity	Total Complaints	Untimely Response Share	Prior Year Untimely Response Share
Servicer under contract with Federal Student Aid <sup>130</sup>	1,193	91.6%	NA <sup>131</sup>
MOHELA	7,116	38.4%	0.0%
EdFinancial Services	1,400	19.8%	79.2%
Nelnet, Inc.	3,407	0.1%	0.1%
Maximus Federal Services, Inc. (AidVantage)	2,361	.	.
Navient Solutions, LLC	957	.	.
All Others	3,006	6.0%	5.9%
<b>Total</b>	<b>19,400</b>	<b>23.8%</b>	<b>11.2%</b>

Despite some problems with complaint responses, entities responded to approximately 76 percent of federal student loan complaints sent to them for review and response. Average response times varied by entity, ranging from 8 to 51 days (Table 7).

**TABLE 7. AVERAGE RESPONSE TIME FOR FEDERAL STUDENT LOAN COMPLAINTS BY ENTITY, AY 2024-2025**

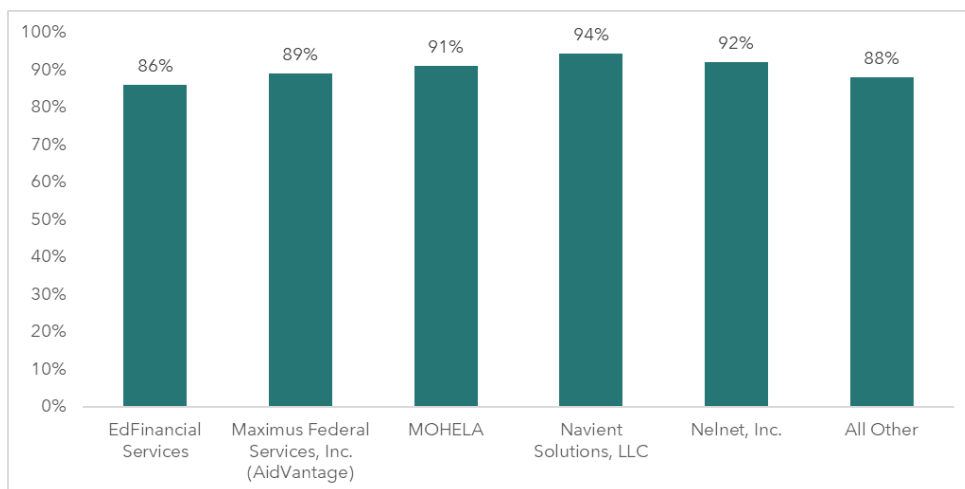
Entity	Average Response Time (Days)
MOHELA	51
Servicer under contract with Federal Student Aid	51
EdFinancial Services	24
Maximus Federal Services, Inc. (AidVantage)	12
Nelnet, Inc.	11
Navient Solutions, LLC	8
All Others	25

<sup>130</sup> This entity was created in August 2024 to help borrowers submit complaints even if they did not know who their servicer was, and the Office of Federal Student Aid at the Department of Education is responsible for responding to these complaints. For more information, see Consumer Financial Protection Bureau, (Nov. 15, 2024), *Annual Report of the Student Loan Ombudsman*, [https://files.consumerfinance.gov/f/documents/cfpb\\_2024-annual-student-loan-ombudsmans-report\\_2024-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2024-annual-student-loan-ombudsmans-report_2024-11.pdf) pages 48-49.

<sup>131</sup> This number is not available because the entity only began to receive complaints in August 2024.

One way to measure response “completeness” is by looking at a post-response consumer survey question that was answered by approximately 20 percent of those who receive complaint responses. Survey results show that roughly nine out of ten respondents answered “No” when asked whether “The company’s response addressed all of my issues” (Figure 11).<sup>132</sup>

**FIGURE 11. SHARE OF CONSUMERS REPORTING COMPANY DID NOT ADDRESS ALL OF BORROWERS’ ISSUES IN FEDERAL STUDENT LOAN COMPLAINT RESPONSES BY ENTITY, AY 2024-2025**



Even so, some borrowers do have their complaints resolved through the normal complaint process. Over the past year, a small number of complaints were closed with monetary relief, and the average amount of relief, in cases where it was provided, was over \$5,200 for complaints related to federal student loans.

When a student loan complaint is not resolved through the ordinary process, the Student Loan Ombudsman can intervene to informally attempt to resolve the complaint. In some cases, the borrower simply needs information that can be immediately provided. In other cases, complaints may require escalation and direct collaboration with lenders and servicers.

Over the past year, the Student Loan Ombudsman’s Team has escalated cases for many borrowers and has celebrated with borrowers as they received long overdue loan cancellation, received refunds that had been missing for months, had payments lowered due to hardship, accessed transcripts that their institutions had been withholding as a debt collection tactic, or otherwise resolved the problems that they were facing. Other times, even when cases were escalated, borrowers did not receive adequate responses.

<sup>132</sup> Due to potential non-response bias, the 20 percent of borrowers who respond to the survey may not be representative of all consumers who submitted a complaint and received a response during this period. Nonetheless, these survey results indicate that at least 18 percent of consumers who receive a response do not think the response was complete, and the actual share may be much higher. Servicer under contract with Federal Student Aid not included because there is no data for the period.

# APPENDIX A. PRIOR CFPB STUDENT LOAN OMBUDSMAN REPORTS

The following is a list of all annual reports submitted to Congress pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act and significant mid-year updates by the CFPB Student Loan Ombudsman.<sup>133</sup>

- Rohit Chopra, [\*Annual Report of the CFPB Student Loan Ombudsman\*](#), (Oct. 16, 2012).
- Rohit Chopra, [\*Mid-year Snapshot of Private Student Loan Complaints\*](#), (Jul. 2013).
- Rohit Chopra, [\*Annual Report of the CFPB Student Loan Ombudsman\*](#), (Oct. 16, 2013).
- Rohit Chopra, [\*Mid-year Update on Student Loan Complaints\*](#), (Apr. 21, 2014).
- Rohit Chopra, [\*Annual Report of the Student Loan Ombudsman\*](#), (Oct. 16, 2014).
- Rohit Chopra, [\*Mid-year Update on Student Loan Complaints\*](#), (Jun. 18, 2015).
- Seth Frotman, [\*Annual Report of the CFPB Student Loan Ombudsman\*](#), (Oct. 14, 2015).
- Seth Frotman, [\*Midyear Update on Student Loan Complaints: Income-Driven Repayment Plan Application Issues\*](#), (Aug. 18, 2016).
- Seth Frotman, [\*Annual Report of the CFPB Student Loan Ombudsman\*](#), (Oct. 17, 2016).
- Seth Frotman, [\*Staying on Track While Giving Back: The Cost of Student Loan Servicing Breakdowns for People Serving Their Communities\*](#), (Jun. 21, 2017).
- Seth Frotman, [\*Annual Report of the CFPB Student Loan Ombudsman\*](#), (Oct. 18, 2017).
- Robert Cameron, [\*Annual Report of the CFPB Private Education Loan Ombudsman\*](#), (Oct. 15, 2019).
- Robert Cameron, [\*Annual Report of the CFPB Private Education Loan Ombudsman\*](#), (Oct. 28, 2020).
- Robert Cameron, [\*Annual Report of the CFPB Education Loan Ombudsman\*](#), (Oct. 26, 2021).
- Robert Cameron, [\*Report of the CFPB Education Loan Ombudsman\*](#), (Oct. 20, 2022).
- Robert Cameron, [\*Report of the CFPB Education Loan Ombudsman\*](#), (Oct. 20, 2023).
- Julia Barnard, [\*Annual Report of the CFPB Student Loan Ombudsman\*](#), (Nov. 15, 2024).

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<sup>133</sup> 12 U.S.C. § 5535.