



# **\*\*\*Consumer Alert\*\*\* Attorney General Raoul Urges Illinois Residents To Be On Alert For Scam Student Loan Debt Relief And Debt Consolidation Companies**

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CHICAGO - Attorney General Kwame Raoul is warning student loan borrowers to be on the lookout for scammers posing as debt relief and debt consolidation companies to steal personal information and money. Attorney General Raoul is urging borrowers to be vigilant, particularly as federal loan payments paused under the CARES Act will restart Jan. 1, 2023.

Attorney General Raoul encourages borrowers to exercise caution if they receive unsolicited phone calls, letters in the mail, emails, texts or social media messages from entities offering student loan debt relief. According to Raoul, these entities could be scammers, and borrowers will receive more reliable guidance by using a personal loan servicer or going through the Department of Education.

“The last thing any student loan borrower needs when attempting to address their student loan debt is to become a victim of student loan repayment scams,” Raoul said. “Instead, borrowers should get their information from the Department of Education or their student loan servicer so they do not put themselves at risk of potential scams.”

Attorney General Raoul is warning borrowers of the following red flags, which may be indicative of a scam:

- You are asked to sign a power of attorney form, a third-party authorization form or you are asked to provide a Federal Student Aid identification (FSA ID) number. Power of attorney and third-party authorization forms allow the scammer to communicate directly with your student loan servicer and make decisions on your behalf. Neither the Department of Education nor a loan servicer will ask for an FSA ID or password. Sharing such authorization and an FSA ID allows a scammer to access your account and change the contact information. You will not be notified that the scammer has stopped making your monthly payments until you receive an alert that your student loan has been sent to collections.
- The company promises immediate student loan forgiveness or debt cancellation. Student loan debt relief companies cannot arrange any sort of special deals under the federal student loan programs.
- The company tries to scare you into acting immediately by giving you a short deadline. Federal programs are limited only by eligibility requirements and do not fill up. If an unknown company sends you a “final notice” letter or voicemail claiming you must respond in three days before the program fills up, this is a likely scam.
- The company requires upfront or monthly fees to help you reduce debt or get federal student loan relief. Never pay upfront or pay monthly fees for help with debt. Under Illinois law, upfront fees are limited and cannot exceed \$50.
- The entity is not part of a government agency or an official loan servicer listed on StudentLoans.gov. Any changes to federal student loan repayment plans will be made through one of the government’s official loan servicers. [Search](#) online to determine if the company is official. Check with the [Illinois Department of Financial and Professional Regulation](#) to see if the company is licensed to provide these services.
- The company’s emails, texts or letters contains typos, capitalization errors, improper grammar or incomplete sentences. Consumers can independently verify a company on third-party sites like the Better Business Bureau or by searching online for the business’ name in news stories about scams.

Attorney General Raoul recommends borrowers who believe they have been scammed to take the following actions:

- Contact your loan servicer to revoke any power of attorney or third-party authorization agreement.
- Review recent actions with your loan servicer.
- Contact your bank or credit card company, and request that payments to the student loan debt relief company be stopped.
- Demand the student loan debt relief company entirely remove your personal information from its records.
- Report the company to the Attorney General's office by calling the Attorney General's Student Loan Helpline at 1-800-455-2456 (TTY: 1-800-964-3013) or emailing [StudentLoans@ilag.gov](mailto:StudentLoans@ilag.gov).
- [File a complaint with the Federal Trade Commission](#).
- Report suspicious activity through the Department of Education's [Feedback Center](#).
- [Log in and change your account password](#). Do not share your new account password with anyone.
- Take the steps recommended in [Raoul's Identity Theft Resource Guide](#). Consumers can call the Illinois Attorney General's Identity Theft Hotline to talk to a specifically trained advocate who can help explain tips on how to protect against identity theft: 1-888-999-5630.

Student borrowers who have questions or are in need of assistance can call the Attorney General's Student Loan Helpline at 1-800-455-2456.