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Simply scams? unkn

Student debt relief phone calls: Simply scams?

David P. Willis, Asbury Park Press July 1, 2019

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It was no typical robocall. The woman with the nice voice on the telephone message offered to help with "repayment options" for a student loan.

"I need to discuss your repayment options with some new changes that have taken effect recently," said the caller.

Telemarketers representing private student debt relief companies are clogging telephone lines offering their services, such as debt consolidation or arranging loan forgiveness, for a fee. You may not even have a student loan.

You can receive emails, text messages and letters from debt relief companies too, according to the U.S. Department of Education.

Consumer advocates say you can manage your own loan yourself for free. In some cases, these calls can be outright scams.

"They are looking for two things from you," said Adam Levin, founder of CyberScout, and a former director of the New Jersey Division of Consumer Affairs. "They want to get a fee from you so they can take the money and disappear or they get your personal identifiable information which they can use to steal your identity.

"You have to be worried about those calls," he said.

In a 2017 crackdown, the Federal Trade Commission said scammers used deception and false promises of debt relief to take more than \$95 million in illegal, upfront, fees from consumers.

Students have just graduated college and must now confront the reality, and repayment, of their student loans. Student loan debt is a focus of Democratic candidates running for president in 2020.

"As people are graduating college and they are thinking about the oppressive weight of their loans, they are now susceptible to these kinds of stuff," Levin said. "It's on their mind."

The message from the debt relief company came to a colleague here at the Asbury Park Press who didn't have any student debt. *Press on Your Side* returned the call.

After menu prompts, we were connected to a representative who said he was with the "Student Loan Hotline."

"We help students or anybody who has student loans get enrolled into different types of loan forgiveness programs that are backed to the federal government," the representative said. "Just like H&R Block, we do have a processing fee to be able to get everybody set into those loans."

He acknowledged that borrowers could do the same work themselves. "Just like taxes, you can do it by yourself, but if you'd rather have somebody process all the paperwork for you, there's a fee," he said. "We're the same concept."

A 2013 study by the National Consumer Law Center found a range of fees charged by debt relief companies, including initial fees of up to \$1,600 in some cases and monthly fees for ongoing services of \$20 to \$50.

According to the Department of Education, debt relief companies can leave you worse off.

"You might not get the promised help or your money back, and the company may have made changes to your loan repayment plan that you didn't authorize or want," the department said on its website. "If you stopped paying your loans, your credit could be damaged and your loan balances could balloon."

The companies are not associated with the federal government but they may say they are.

Experts are sounding alarms.

"Pretty much anytime you get an unsolicited call from a robocaller or a real person, it sends up a red flag," said Anna Helhoski, student loans writer at NerdWallet.

So here are some important things to remember.

Why pay?

You can reach out to your college loan servicer yourself (for free) if you need to temporarily stop or reduce payments towards your federal loan, consolidate multiple loans into one or help you if you are in default. Only your loan servicer, one contracted by the federal government, can make changes involving your federal student loan.

"There is nothing that one of these (debt relief) companies can do that you can't do on your own," Helhoski said. "There's no getting out of debt quick and canceling your debt for a fee. That's not going to happen."

Nothing upfront

Companies are not allowed to charge upfront fees. "If anyone wants upfront fees, that's a red flag for sure," Helhoski said. (Federal law requires at least one debt to be renegotiated, settled, or reduced before a fee can be collected for debt relief services.)

Keep it to yourself

Never share your Federal Student Aid identification number or your Social Security number with anyone. Your FSA ID is a key piece of personal information. "That's how you log into everything to do with your student loans," Helhoski said.

Watch out for scammers

A fraudster may call you claiming to be your official loan servicer. "If it's a robocall, don't call back," Helhoski said. If it's a live person, obtain the representative's name, ID number and telephone number. "At the end of the day, you are going to want to call your servicer to see if there is an issue," she said. Use the telephone number that's on your loan statement, not your Caller ID.

Student loan tax scams

Scammers may call and pose as IRS agents and say you owe some sort of tax debt. They'll threaten you with jail unless you pay immediately, Levin said. "The rule of the road is hang up," he said.

The IRS doesn't call on the phone, demand immediate payments or threaten jail time, Levin said. Also, he added, "There is no student loan tax."

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