Student Loan Ombudsman

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The Office of the Commissioner of Financial Regulation (OCFR) – Mission and Overview

Student Loan Ombudsman – Mission and Overview

U.S. Student Loan Industry – Facts and Figures

Student Loan Borrower Complaints

Resources for Borrowers

Filing a Complaint Borrowers

Advice from the Ombudsman

Contact Information
Maryland’s Consumer Financial Protection Agency

Ensure that the citizens of Maryland are able to conduct their financial transactions through safe, sound, and well-managed institutions that comply with Maryland law, including various consumer protection provisions, while providing a flexible, yet sound regulatory environment that promotes fair competition, encourages innovative business development, and supports the economy of Maryland.
The **Office of the Commissioner of Financial Regulation**:

- **Charters and supervises** Maryland’s banks, credit unions, and trust companies.

- **Licenses and supervises/monitors** over 17,000 businesses and individuals engaged in the businesses of: Mortgage lending, brokering, and servicing; consumer lending (including installment and sales finance); debt management, settlement, and collection; check cashing; money transmission; credit services; student loan servicing, and credit reporting agencies.

- **Provides consumer protections** through the activities of the State Collection Agency Licensing Board, the Student Loan Ombudsman, and by pursuing examinations, investigations, and enforcement actions.
The Ombudsman position exists to provide student loan borrowers with a state-level office that can assist them in resolving their complaints about student loan servicers (“servicers”).

The Ombudsman provides information about student loan processes and acts as a liaison between student loan borrowers and student loan servicers to attempt to facilitate solutions to problems and to have mistakes corrected.
The **Student Loan Ombudsman**:

- Commenced duties on October 1, 2018 per the requirements of the *Financial Consumer Protection Act of 2018* (2018 Md. Laws 732);

- Accepts and reviews complaints and attempts to resolve those complaints and have mistakes corrected;

- May refer matters that are abusive, unfair, deceptive or fraudulent to the Maryland Attorney General; and

- Maintains a list of contact designees who represent student loan servicers operating in the State.
As of 2018 4Q, U.S. student loan debt exceeded $1.46 trillion.

$1.34 trillion is federal debt financed by the U.S. Department of Education and the remaining $113.1 billion of which is considered private or institutional debt.

Sources: Federal Reserve Board, U.S. Department of Education.
Over the past 10 years, the market for student loan debt has expanded by 143.3% from $600 billion in 2007 to $1.46 trillion. The number of borrowers in that time has increased by 51.7% from approximately 29 million to more than 44 million. The average federal loan debt at graduation per student borrower has also increased by 72.2% from $18,000 in 2007 to $31,000 in 2017*. State averages for student debt load at graduation ranges from a low of $18,850 (UT) to a high of $38,500 (CT). In Maryland, 56% of students graduate with debt from attending a third level educational institution and on average Maryland students graduate with $27,672 in debt**. Student loan debt is now the 2nd highest consumer debt category in the U.S., behind mortgage debt, and is higher than both credit cards debt and auto loans.

** Source: The Institute for College Access and Success: 13th Annual Report on Student Debt and the Class of 2017 (September 2018)
The student loan delinquency (or default) rate over the last 4 years has averaged around 10.7% (90+ days delinquent) and remains higher than the delinquency rates for other types of household debt*. 

*Source: FRBNY Consumer Credit Panel/Equifax
Top 10 Issues identified in Federal Student Loan Servicing Complaints by the Consumer Financial Protection Bureau (CFPB) against Top 10 Companies By Complaint Volume (March 2016 – February 2017).

- Borrower Communications: 18%
- IDR Plan Enrollment: 13%
- Payment Allocation: 11%
- Public Service Loan Forgiveness: 10%
- Payment Processing: 10%
- Collection Activity: 9%
- Educational Institution: 9%
- Recertification: 8%
- Credit Reporting: 7%
- Billing Statement: 6%
**FIGURE 2:**
COMPANIES WITH THE MOST FEDERAL STUDENT LOAN COMPLAINTS SENT TO COMPANIES RANKED BY VOLUME FROM SEPTEMBER 1, 2016 THROUGH AUGUST 31, 2017

<table>
<thead>
<tr>
<th>Company</th>
<th>Federal student loan complaints</th>
<th>% share of federal student loan complaints sent to companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navient</td>
<td>6,274</td>
<td>61%</td>
</tr>
<tr>
<td>AES/PHEAA</td>
<td>1,517</td>
<td>15%</td>
</tr>
<tr>
<td>Nelnet</td>
<td>629</td>
<td>6%</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>340</td>
<td>3%</td>
</tr>
<tr>
<td>ACS Education Services</td>
<td>192</td>
<td>2%</td>
</tr>
</tbody>
</table>
What steps should I take if I’m having a problem with my student loan servicer?

- First, try to resolve your dispute by directly contacting your student loan servicer. You can request that your case be escalated to a supervisor or manager.

- If you don’t know which student loan servicer is servicing your federal loan, you should be able to retrieve this information from the National Student Loan Data System. To sign on to the system, you will need to supply:
  - Your Social Security number
  - The first two letters of your last name
  - Your date of birth, and
  - Your U.S. Department of Education FSA ID number (you should have one)
What steps should I take if I’m having a problem with my student loan servicer?

- If you believe your issue is not being resolved in a timely manner, send your questions in writing to the student loan servicer’s headquarters by certified mail and keep the proof of receipt signed by the student loan servicer. Note the dates, times, and contact names for all correspondence with the student loan servicer.

- If the student loan servicer’s ombudsman does not respond in a timely manner, or if the student loan servicer does not have an ombudsman and you have a federal student loan, you can contact the U.S. Department of Education's Federal Student Aid (FSA) Ombudsman Group to determine if they can provide you with assistance.

U.S. Department of Education
FSA Ombudsman Group
P.O. Box 1843
Monticello, KY 426334
Phone: 877-557-2575 (toll-free)
Fax: 606-396-4821
How do I submit a complaint for the Ombudsman to review?

- You can contact the Ombudsman:
  - Website: [http://www.dllr.state.md.us/finance/consumers/frslombud.shtml](http://www.dllr.state.md.us/finance/consumers/frslombud.shtml)
  - Telephone: In-state: 410-230-6077
  - Toll-free: 1-888-784-0136
  - E-mail: studentloan.ombudsman@maryland.gov

- You can file a complaint by using the [Ombudsman Online Complaint Form](http://www.dllr.state.md.us/forms/frslombudcomp.pdf) on the Ombudsman’s website:

- The Ombudsman will review your complaint, and if information or further explanation is required, will contact you.

- The Ombudsman will contact the student loan servicer identified by you in an effort to attempt to obtain a resolution to your complaint.

- The Ombudsman cannot guarantee the successful resolution of your complaint.
Complaints that the Ombudsman can assist you with include:

- Loan Servicer failure to communicate with the Borrower.
- Errors in crediting principal and interest payments and/or misapplied payments.
- Inaccurate interest rate calculations.
- Billing errors.
- Loan modification and consolidation errors.
- Inappropriate collection activity or tactics.
OCFR’s Consumer Services Unit investigates and responds to consumer complaints/inquiries involving both licensed and unlicensed persons or entities under the Commissioner’s jurisdiction.

Financial examiner assigned the complaint will forward it to person or entity for written response.

Financial examiner reviews all information and determines whether the complaint can be mediated and/or whether further action is needed.

Financial examiner considers issues of harm or potential harm to Maryland consumers generally, as well as specific to the complainant.

NOTE: If violations have occurred, the regulatory action taken may or may not include relief that is personal to the complainant.
Advice on dealing with your Student Loan Servicer:

- Keep records of all conversations you have and follow up in writing so you have a physical record.

- Request a copy of your customer service history; some loan servicers make available copies of the notes that customer service representatives make on your account.

- When you speak with someone on the phone, make a note of whom you speak to and when, and what was said. When you use mail, keep a copy of your letter and of any replies you receive.

- Save the originals of all receipts, bills, letters, and e-mails regarding your account. Provide copies of those original documents if you’re asked for them.

- Send letters via certified mail, with a return receipt requested and include important details such as your account number at the top of your letter.

- Be polite and courteous, but don't be afraid to state your concerns. Write down the facts and stick to what is relevant.

- Ask for a response in a reasonable time.
HB594/SB670  Financial Institutions – Student Loan Servicers – Unfair, Abusive or Deceptive Trade Practices

- Prohibits a student loan servicer from:
  - Employing any scheme, device, or artifice to mislead a student loan borrower;
  - Engaging in any unfair, abusive, or deceptive trade practice toward any person; prohibiting a student loan servicer from knowingly or recklessly misapplying or refusing to correct a misapplication of a payment from a student loan borrower;

- Requires a student loan servicer to:
  - Acknowledge receipt of a written inquiry or complaint from a certain borrower or their authorized representative within 10 days;

- Authorizes the Commissioner to investigate/enforce prohibitions on unfair, abusive or deceptive practices by student loan servicers
Contact Us

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(410) 230 6077
http://www.dllr.state.md.us/finance/consumers/frslombud.shtml