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## **NCLC ADVOCATES APPLAUD CFPB'S NEW REPORT ON PRIVATE STUDENT LOAN COMPLAINTS**

**(BOSTON)** The release of the Consumer Financial Protection Bureau (CFPB) annual Student Loan Ombudsman's report notes that the largest subset of all private student loan complaints received were related to the lack of repayment options and flexibility in times of distress. The regulatory agency also offered tools to help borrowers take action when they run into trouble. "I applaud the CFPB for highlighting the obstacles that private lenders impose on financially distressed borrowers trying to repay their private student loans," said National Consumer Law Center attorney Persis Yu. "Unfortunately the problems highlighted by the CFPB are very common among borrowers that we work with, who generally want to repay their loans but are not given realistic options in times of hardship."

The report analyzes private student loan complaints and comments received between October 1, 2013 and September 30, 2014. According to the report, the CFPB heard from many borrowers struggling to repay their private student loans that they are unaware of what loan modifications are available and what the criteria for qualifying are, if any exist at all. Although some lenders may offer temporary forbearances, borrowers complain of burdensome enrollment fees and processing delays, sometimes leading to surprise defaults.

"The problems the CFPB highlighted are not new and demonstrate why it is critical to restore bankruptcy rights for all student loan borrowers and to improve loan origination, servicing and loss mitigation for all future borrowers," said Yu, whose work focuses on low-income borrowers assisted through NCLC's Student Loan Borrower Assistance Project. "This is a critical time for policymakers to create relief options for student borrowers who were harmed by irresponsible private student lenders."

*NCLC's Student Loan Borrower Assistance Project has issued a policy brief that includes five essential features for an effective loan modification program for private student loan borrowers, available at: <http://www.studentloanborrowerassistance.org/wp-content/uploads/2013/05/private-loans-priorities-2013.pdf>.*

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Since 1969, the nonprofit **National Consumer Law Center**<sup>®</sup> (NCLC<sup>®</sup>) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. [www.nclc.org](http://www.nclc.org)

NCLC's **Student Loan Borrower Assistance Project** provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable. [www.studentloanborrowerassistance.org](http://www.studentloanborrowerassistance.org)