

# Private Education Loan Ombudsman: 2020 Annual Report

August 2021



# Disclaimer

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# Agenda

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- Complaints
- COVID-19
- Socio-economic and Racial Gaps
- Recommendations



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# Complaints

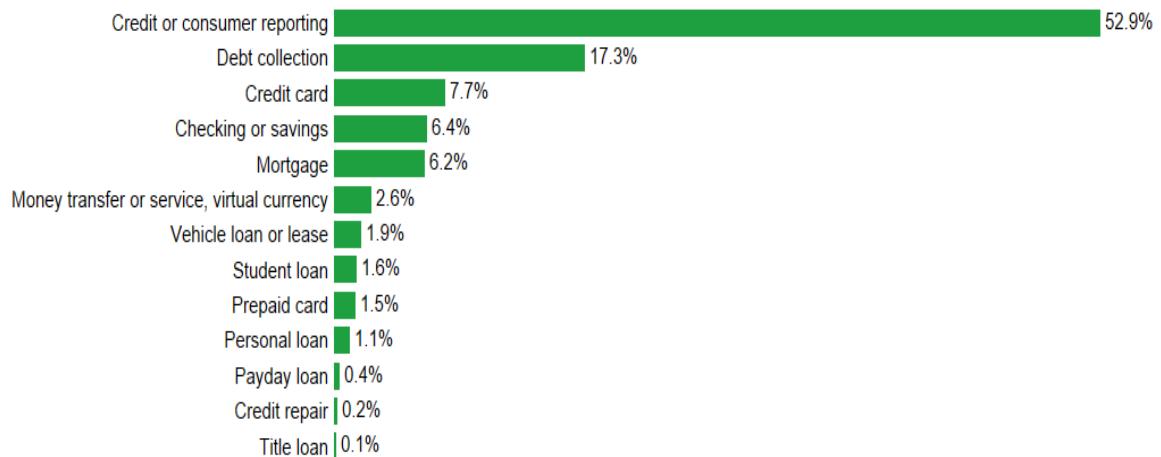


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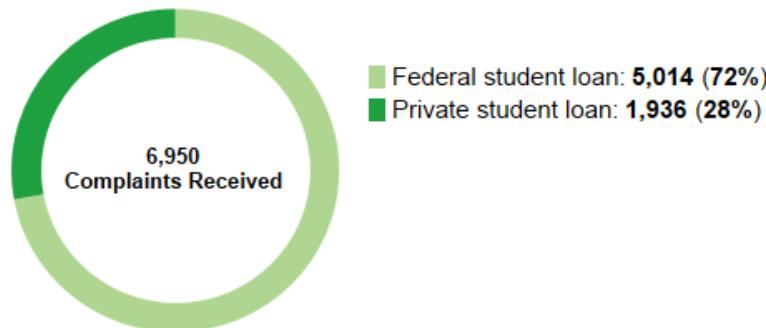
# Complaints Received

## September 2019 through August 2020

### Complaints Received by Product



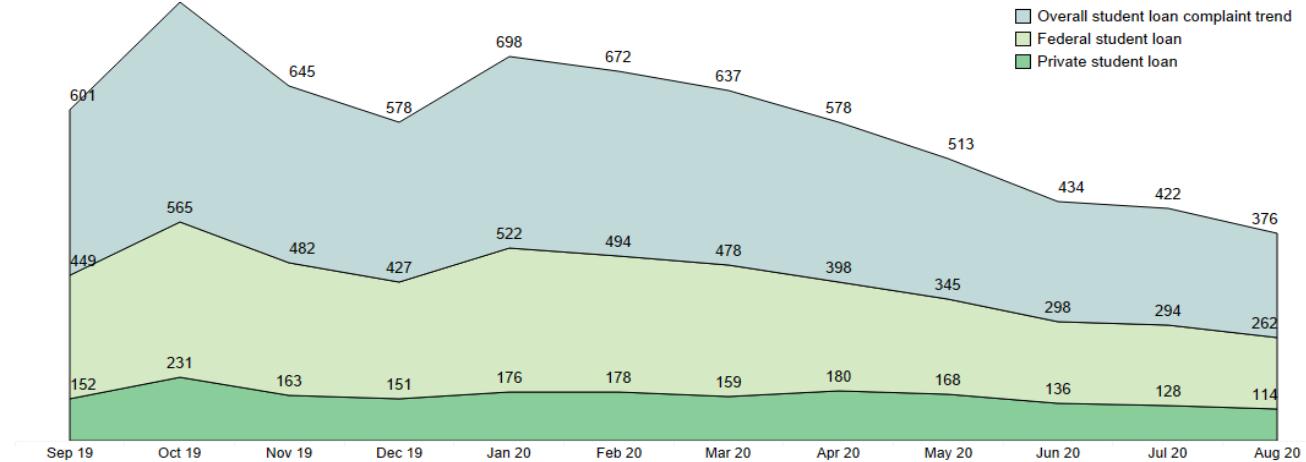
### Private and Federal Student Loan Complaints Received



# Complaint Trends

## September 2019 through August 2020

### Monthly Complaints Received



### Issue Highlights and Percent Distribution of Complaints Received

	Current 6 months period (3/1/20 to 8/31/20)		Previous 6 months period (9/1/19 to 2/29/20)		Same 6 months last year (3/1/19 to 8/31/19)	
Dealing with your lender or servicer	1,430 (66%)	<div style="width: 69%; background-color: #92D050; height: 10px;"></div> <div style="width: 31%; background-color: #2ECC71; height: 10px;"></div>	1,926 (66%)	<div style="width: 74%; background-color: #92D050; height: 10px;"></div> <div style="width: 26%; background-color: #2ECC71; height: 10px;"></div>	2,518 (68%)	<div style="width: 72%; background-color: #92D050; height: 10px;"></div> <div style="width: 28%; background-color: #2ECC71; height: 10px;"></div>
Struggling to repay your loan	407 (19%)	<div style="width: 55%; background-color: #92D050; height: 10px;"></div> <div style="width: 45%; background-color: #2ECC71; height: 10px;"></div>	628 (22%)	<div style="width: 57%; background-color: #92D050; height: 10px;"></div> <div style="width: 43%; background-color: #2ECC71; height: 10px;"></div>	827 (22%)	<div style="width: 57%; background-color: #92D050; height: 10px;"></div> <div style="width: 43%; background-color: #2ECC71; height: 10px;"></div>
Problem with a credit report or credit score	301 (14%)	<div style="width: 80%; background-color: #92D050; height: 10px;"></div> <div style="width: 20%; background-color: #2ECC71; height: 10px;"></div>	296 (10%)	<div style="width: 79%; background-color: #92D050; height: 10px;"></div> <div style="width: 21%; background-color: #2ECC71; height: 10px;"></div>	258 (7%)	<div style="width: 81%; background-color: #92D050; height: 10px;"></div> <div style="width: 19%; background-color: #2ECC71; height: 10px;"></div>
Getting a loan	45 (2%)	<div style="width: 100%; background-color: #2ECC71; height: 10px;"></div>	51 (2%)	<div style="width: 100%; background-color: #2ECC71; height: 10px;"></div>	75 (2%)	<div style="width: 100%; background-color: #2ECC71; height: 10px;"></div>

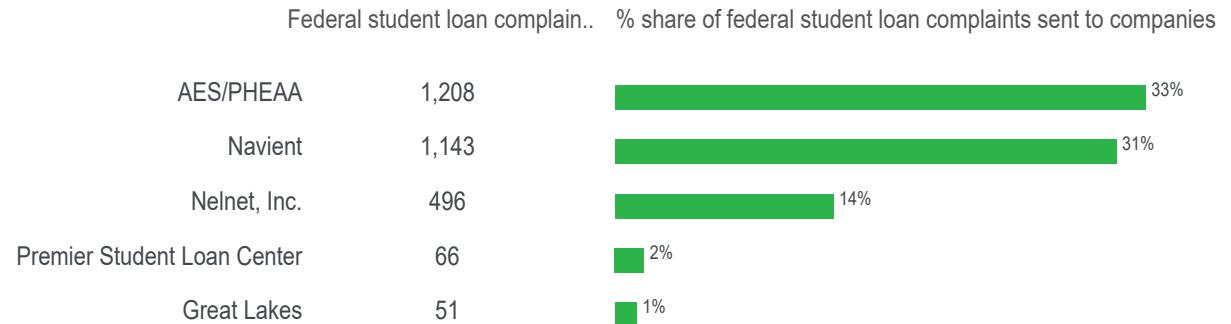
Federal student loan    Private student loan



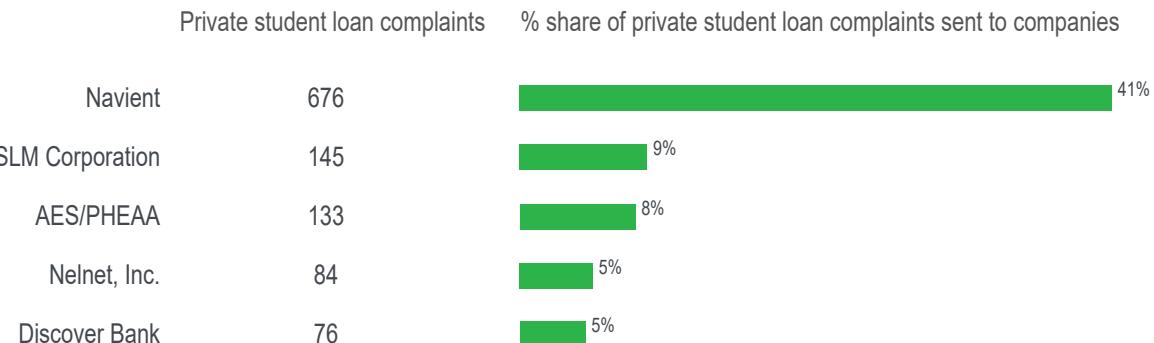
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# Organizations with the Most Complaints

## Federal Student Loan Complaints



## Private Student Loan Complaints



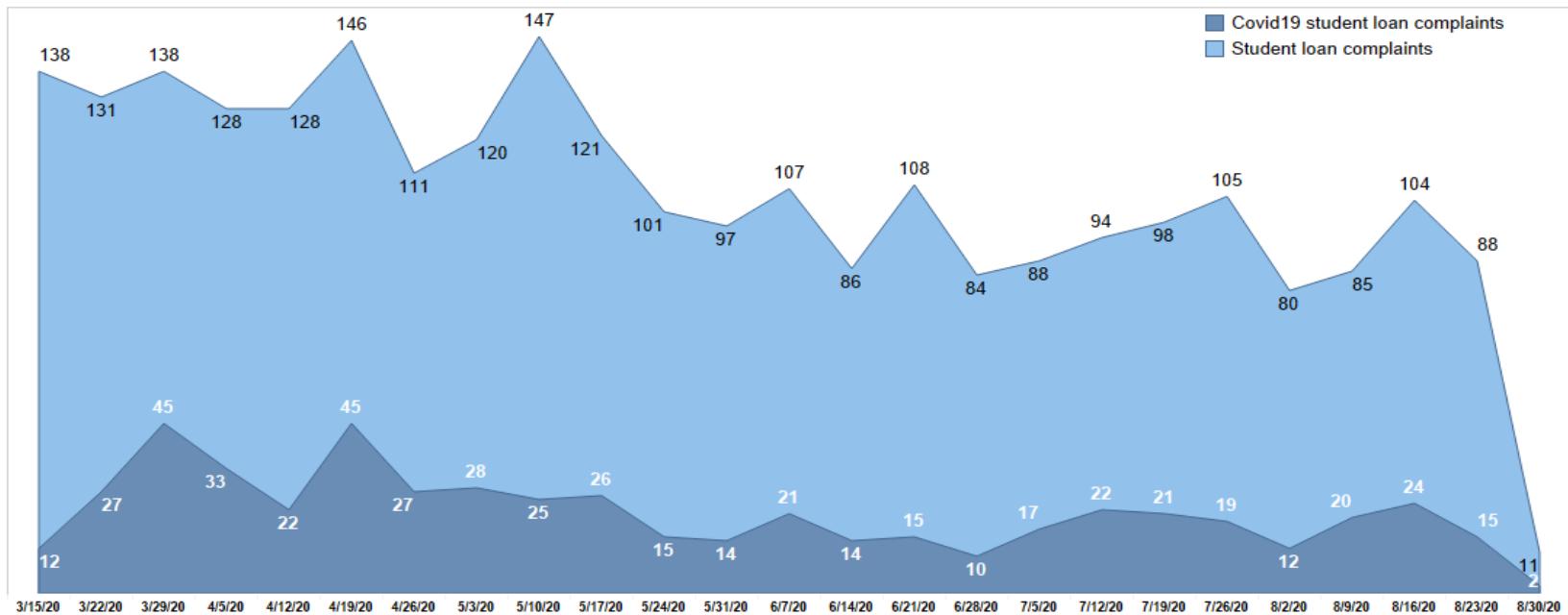
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# COVID-19



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# Weekly Frequency of Student Loan Complaints Regarding COVID-19



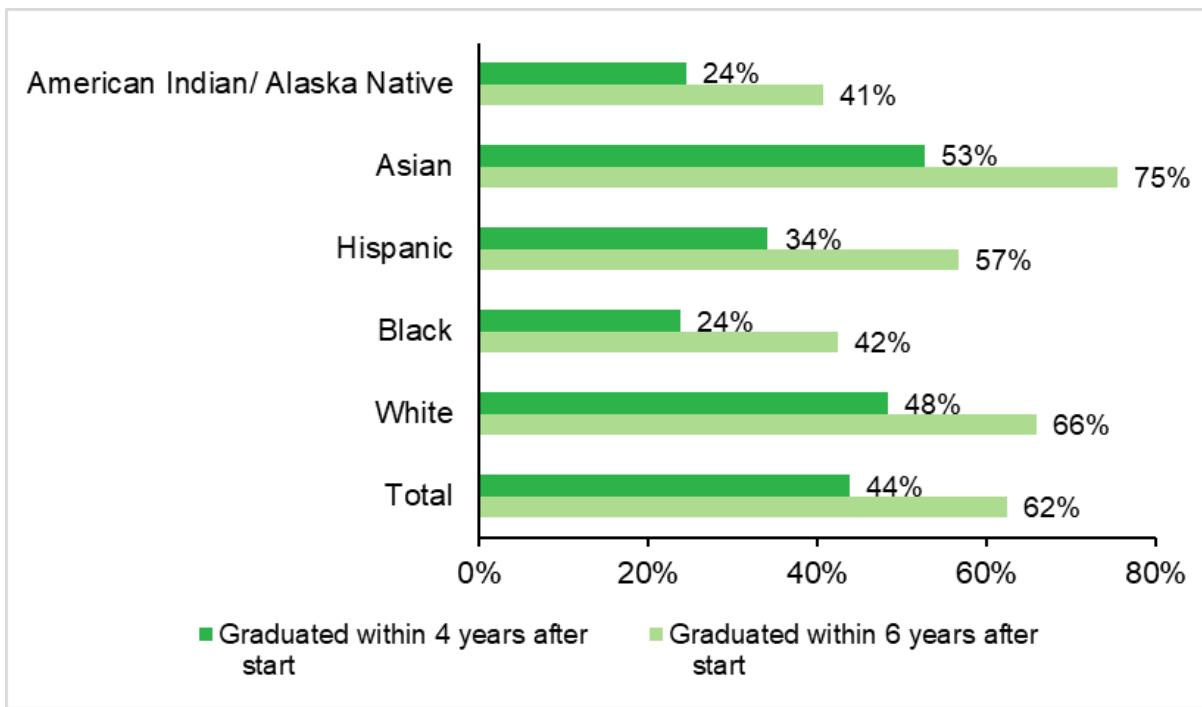
Student loan complaints mentioning COVID-19 as a percentage of overall weekly student loans ranged from 9% to 33% of with an average of around 20%.

# Socio-economic and Racial Gaps



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# Degree Attainment

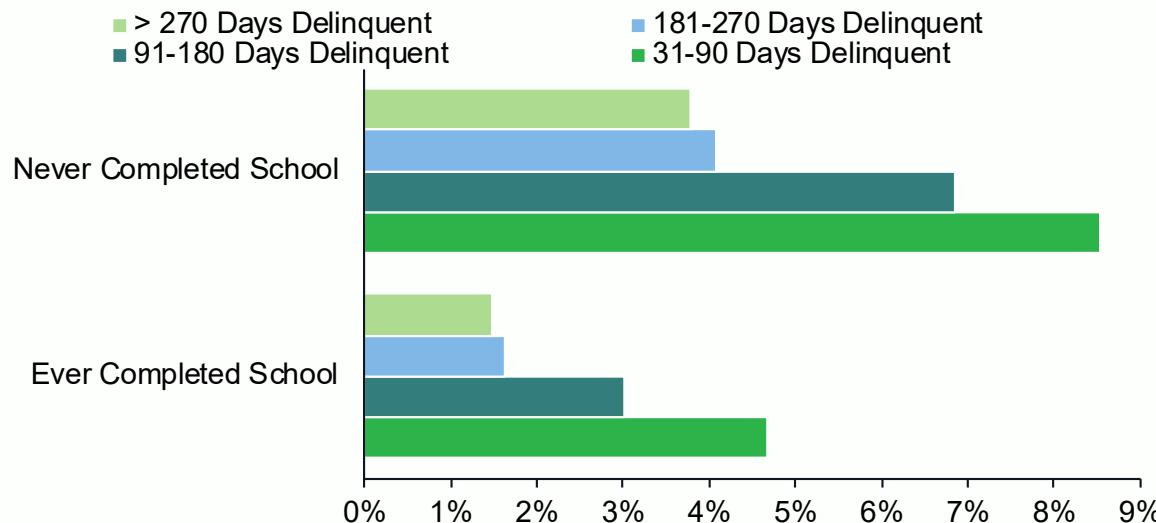


- Only 44% of first-time, full-time students who enroll in a bachelor's degree program graduate within 4 years, while only 62% graduate within 6 years
- Low-income students, first-generation college students, and minority students are most affected

# Degree Attainment and Delinquency

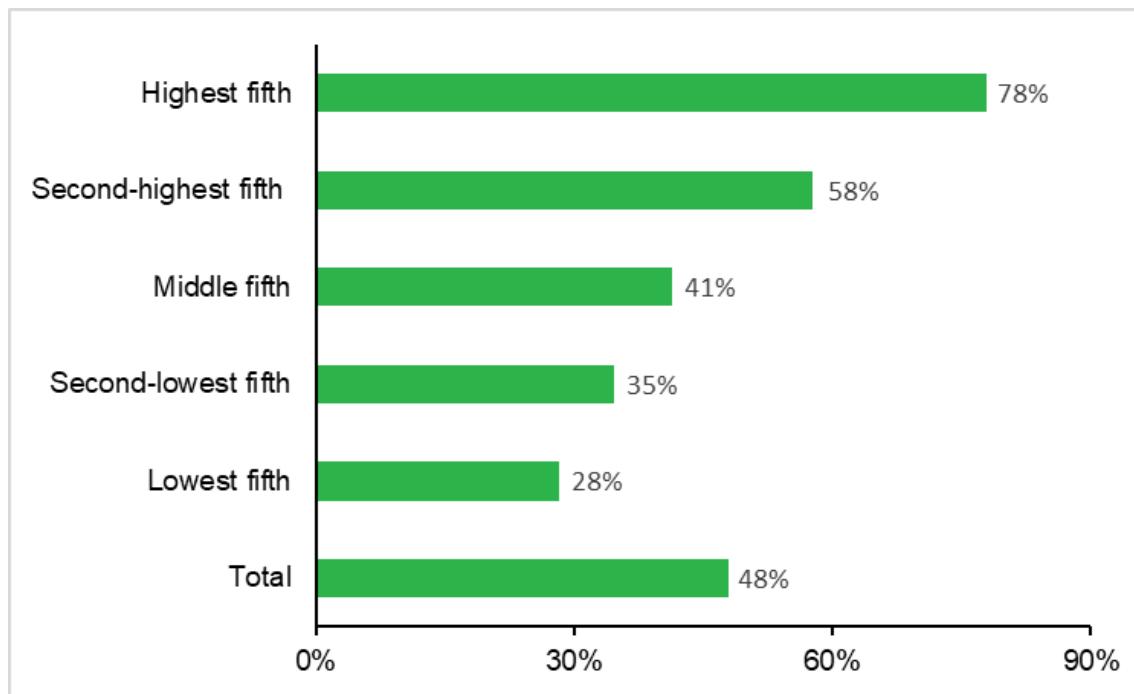
## December 31, 2019

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- Students who take out college loans but don't graduate are three times more likely to default than borrowers who complete
- Borrowers who owe less than \$5,000 at the start of repayment are the most likely to default within four years

# Enrollment by Socio-economic Quintile



- Students from low-income families are less likely to enroll in and complete college than their peers, even when academic ability is taken into consideration

# Recommendations



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# Recommendations for Borrower Relief

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- CARES Act-related relief
  - Consistent treatment for all federal loans
  - Extend relief
  - Use a phased approach for the transition to repayment
- Simplify existing loan forgiveness, cancellation, discharge, and repayment options
- Income Driven Repayment and Public Service Loan Forgiveness
  - Share information between ED, DOD, OPM, and IRS for applications and re-certifications



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# Recommendations for Borrower Relief

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- Bankruptcy
  - Revisit the “undue hardship” standard
  - Require IDR enrollment
- Create and formalize approaches to address socio-economic and racial gaps
- Reinforce successful efforts to reduce gaps in degree attainment
- Reinforce successful administrative, civil, and criminal actions against debt relief scams

# Questions



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