

Private Education Loan Ombudsman: 2020 Annual Report

August 2021

Disclaimer

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Agenda

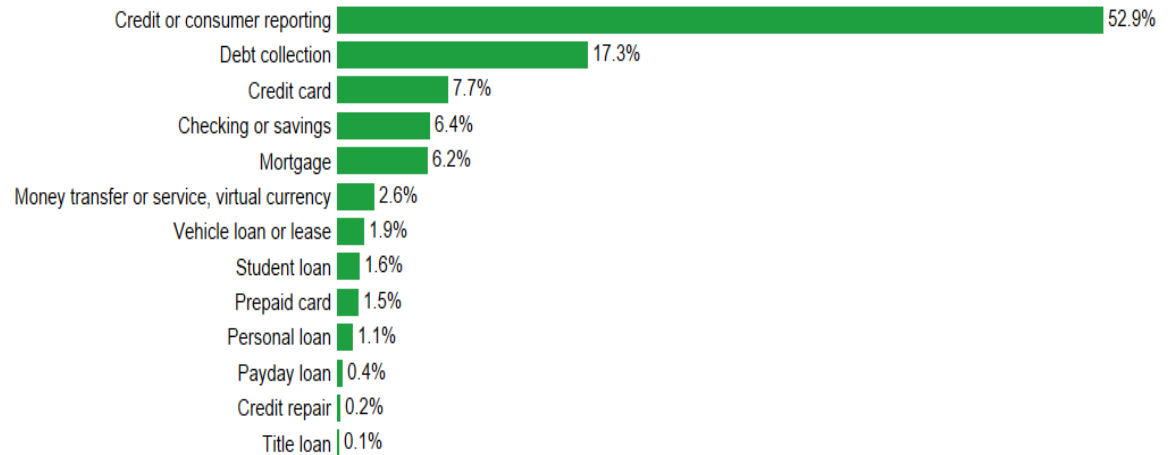
- Complaints
- COVID-19
- Socio-economic and Racial Gaps
- Recommendations

Complaints

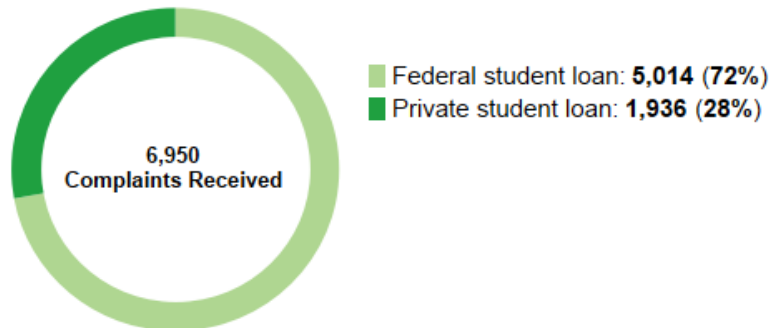
Complaints Received

September 2019 through August 2020

Complaints Received by Product



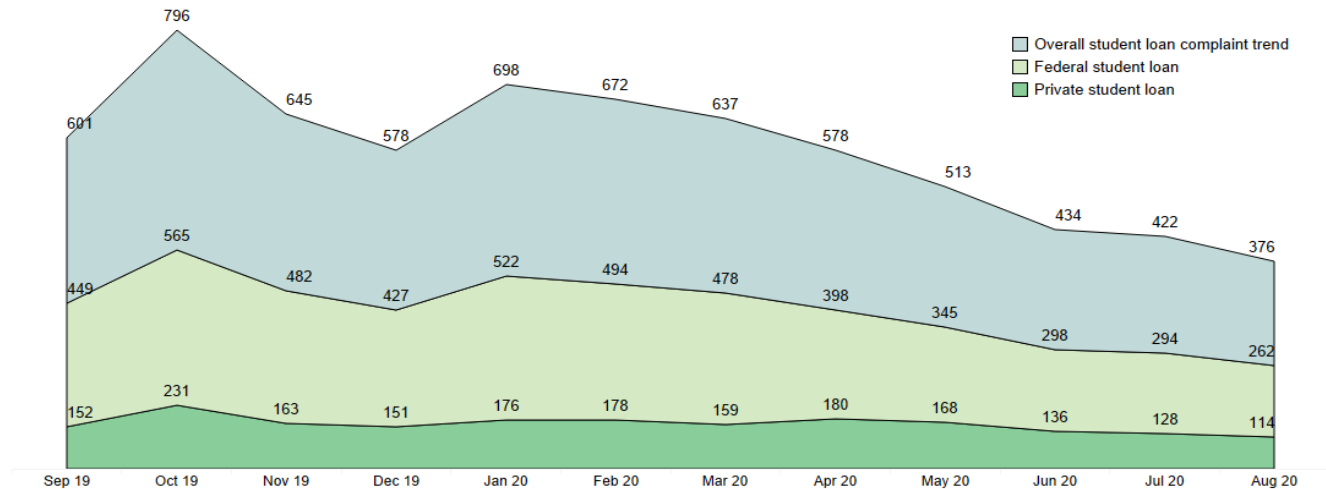
Private and Federal Student Loan Complaints Received



Complaint Trends

September 2019 through August 2020

Monthly Complaints Received



Issue Highlights and Percent Distribution of Complaints Received

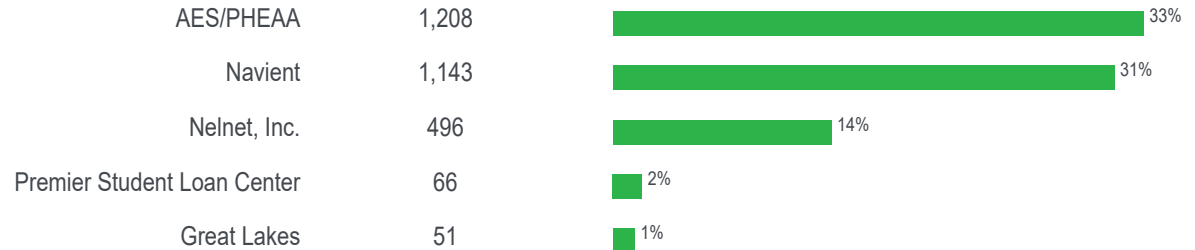
	Current 6 months period (3/1/20 to 8/31/20)	Previous 6 months period (9/1/19 to 2/29/20)	Same 6 months last year (3/1/19 to 8/31/19)
Dealing with your lender or servicer	1,430 (66%) 69% 31%	1,926 (66%) 74% 26%	2,518 (68%) 72% 28%
Struggling to repay your loan	407 (19%) 55% 45%	628 (22%) 57% 43%	827 (22%) 57% 43%
Problem with a credit report or credit score	301 (14%) 80% 20%	296 (10%) 79% 21%	258 (7%) 81% 19%
Getting a loan	45 (2%) 100%	51 (2%) 100%	75 (2%) 100%

Federal student loan Private student loan

Organizations with the Most Complaints

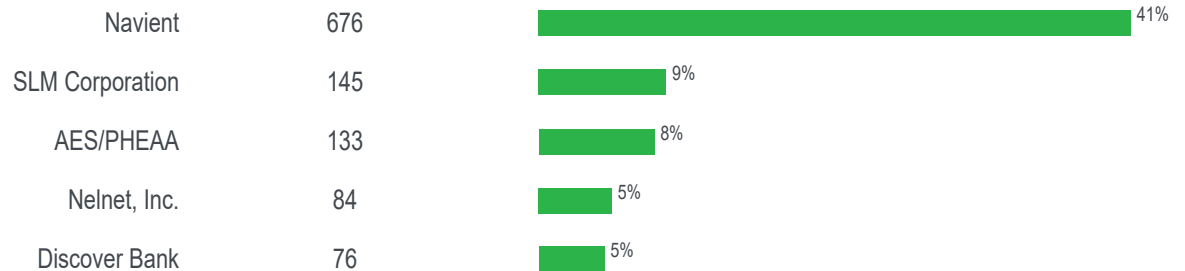
Federal student loan complain.. % share of federal student loan complaints sent to companies

Federal Student Loan Complaints



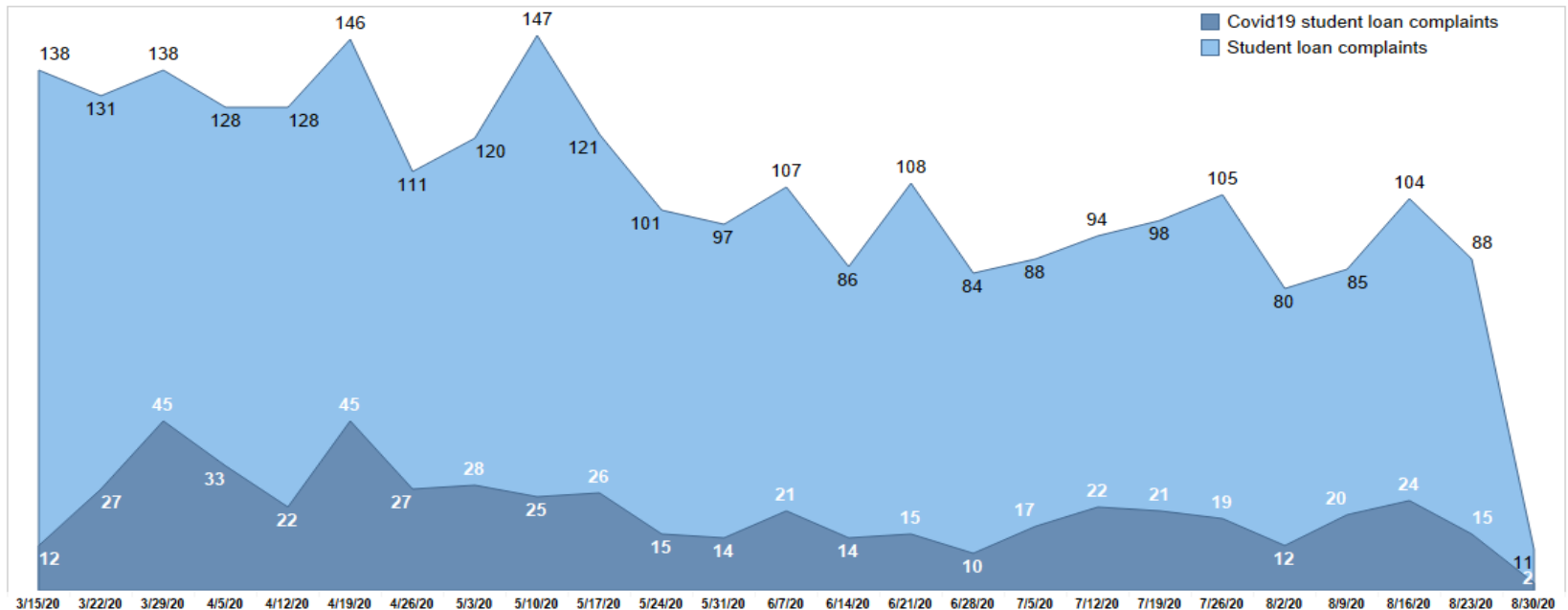
Private student loan complaints % share of private student loan complaints sent to companies

Private Student Loan Complaints



COVID-19

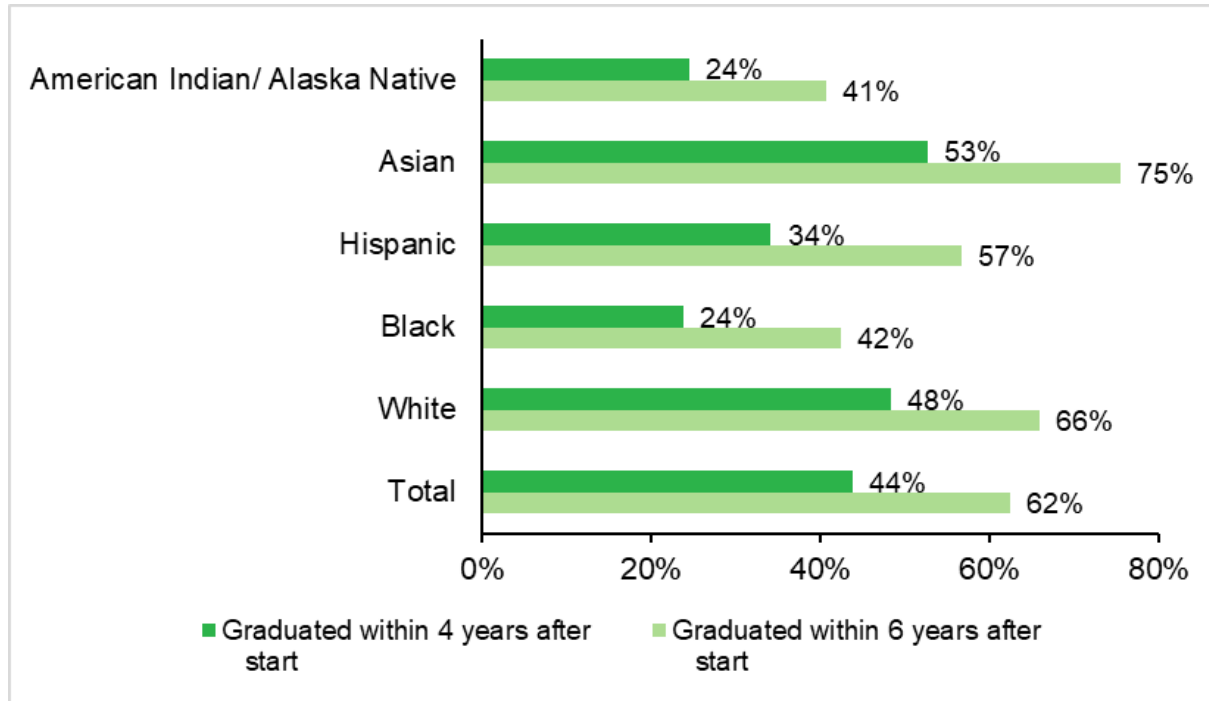
Weekly Frequency of Student Loan Complaints Regarding COVID-19



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

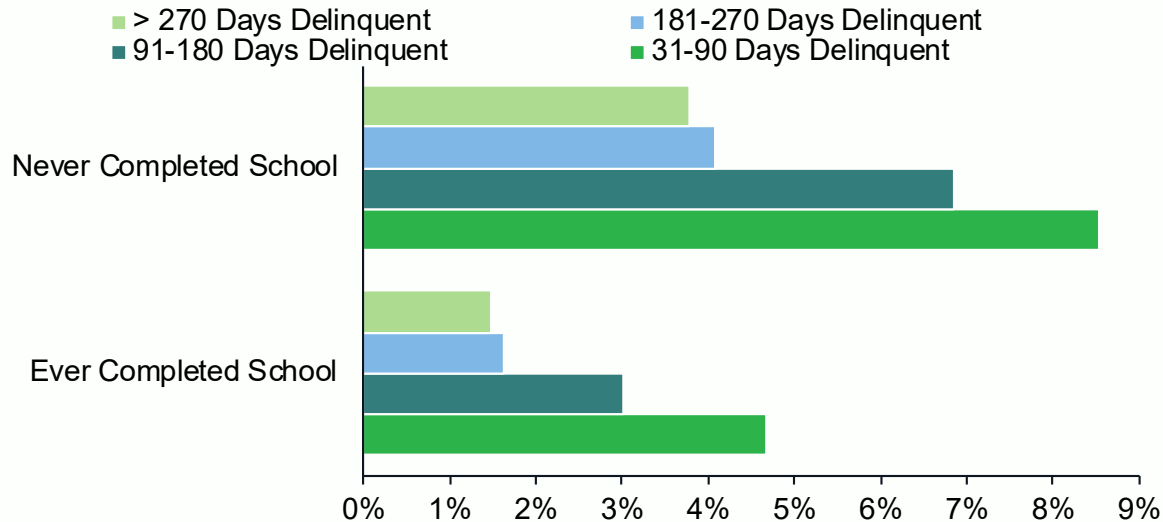
Degree Attainment



- 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

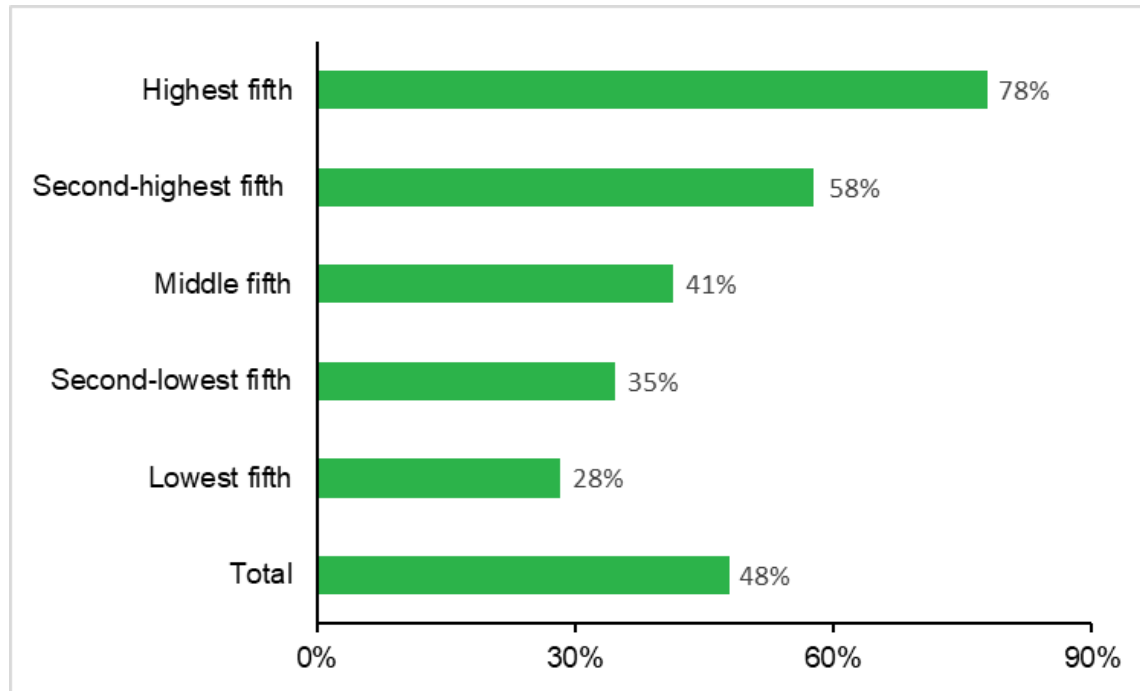
Degree Attainment and Delinquency

December 31, 2019



- 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

Recommendations for Borrower Relief

- 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

Recommendations for Borrower Relief

- 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