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MADIGAN: 2012 CONSUMER DEBT COMPLAINTS SIGNAL CONTINUED ECONOMIC UNCERTAINTY, FINANCIAL STRUGGLES

Student Loan Debt Makes First Appearance on Top 10 List of Complaints

Chicago — Attorney General Lisa Madigan today released her annual top 10 list of consumer complaints for 2012 in recognition of National Consumer Protection Week.

Madigan's Consumer Protection Division received 26,316 complaints in 2012. Consumer debt was the top concern among Illinoisans for the fifth consecutive year, reinforcing the financial challenges that continue to plague Illinois residents amid economic uncertainty.

"Every year we hear from thousands of people who've found themselves on the wrong end of a deal," Madigan said. "It's now more evident than ever that even the most commonplace financial transactions have become complex and fraught with risks, putting the burden on consumers to arm themselves with as much information as they can before they sign on any dotted lines."

The consumer debt category, including complaints about residential mortgage lending, debt collections and credit cards, grew by more than 29 percent over the previous year and comprised nearly a third of all consumer complaints reported to Madigan's office in 2012. The year-to-year increase can partly be attributed to a marked rise in residential lending complaints. Many of these complaints were filed in conjunction with the \$25 billion national mortgage foreclosure settlement with the nation's five largest bank servicers over allegations of widespread "robo-signing" other fraudulent mortgage servicing practices. More than 20,000 Illinois borrowers have received approximately \$1.44 billion in relief since the settlement's February 2012 announcement.

For-Profit College Complaints Sign of Growing Debt Trend

This year's list also included the first-ever complaint category against schools, including for-profit colleges. Madigan's office recorded more than 1,300 complaints about schools operating in Illinois. Nearly 95 percent of those complaints regarded unfair and misleading practices employed by for-profit colleges, including deceptive lending practices that have made for-profit college students in Illinois part of a growing generation of Americans trapped in a lifetime of financial insecurity. Americans now owe more than \$1 trillion in student loans, while student loan debt has surpassed credit cards as the largest source of unsecured consumer debt, according to the U.S. Consumer Financial Protection Bureau.

In 2012, Madigan filed a lawsuit against the national for-profit school Westwood College, alleging Westwood left many students with anywhere from \$50,000 to \$70,000 in debt for degrees that failed to qualify them for careers in criminal justice. The lawsuit alleges that Westwood downplayed the ultimate cost of attending the college and failed to provide students with sufficient information about their loans.

"This year marks the first time that student loan issues and for-profit colleges are among the top concerns for Illinois residents, and it's no wonder given the lengths we've seen some for-profit operators go to boost their bottom line, even when it has meant destroying their students' financial future," Madigan said.

In an effort to raise awareness about the for-profit schools industry, Madigan today released "A Primer on For-Profit Colleges," a resource to educate students on issues of accreditation, financial aid, job placement rates and important questions to ask before enrolling in a college.

Madigan has been an outspoken critic of the for-profit schools industry. Last year, she testified before Congress and penned a letter to Congressional leaders on the mounting concerns in the for-profit schools industry. Also in 2012, Madigan settled a national

lawsuit with the company behind www.Gbill.com for deceptively steering U.S. service members and veterans to use their federal education benefits with the company's preferred clients in the for-profit schools industry.

Top 10 Breakdown

The Attorney General recognized National Consumer Protection Week with Steven Baker, Midwest director for the **Federal Trade Commission**, Steve Bernas, president and CEO of the Chicago area **Better Business Bureau** and Tom Brady, inspector in charge of the **U.S. Postal Inspection Service's Chicago Division**.

In addition to consumer debt and school-related complaints, Madigan noted other categories that topped her list of complaints involved identity theft, telecommunications and home repair:

CATEGORY	# OF COMPLAINTS
1. Consumer Debt (mortgage lending, debt collections, credit cards)	7,631
2. Identity Theft (fraudulent credit cards and utility accounts, bank fraud)	2,544
3. Telecommunications (wireless service, local phone service, cable/satellite)	2,240
4. Construction/Home Improvement (remodeling, roofs/gutters)	1,926
5. Schools (for-profit, trade, universities, higher education)	1,347
6. Motor Vehicles/Used Auto Sales (as-is sales, financing, warranties)	1,173
7. Promotions & Schemes (sweepstakes, pyramid, work-at home scams)	1,113
8. Fraud Against Business (consulting, directories/publications)	900
9. Mail Order (Internet purchases, catalog ordering, television/radio)	864
10. Motor Vehicle/Non-Warranty Repair (collision/body, engines)	607

For more information, visit Madigan's website, www.illinoisattorneygeneral.gov, or contact her range of hotlines about issues ranging from home foreclosure to identity theft:

Consumer Fraud Hotline: 1-800-386-5438 (Chicago), 1-800-243-0618 (Springfield) or 1-800-243-0607 (Carbondale)

Spanish Language Hotline: 1-866-310-8398

Identity Theft Hotline: 1-866-999-5630

Homeowner Helpline: 1-866-544-7151

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