

Press Releases

August 15, 2016

DURBIN, MADIGAN CALL FOR IMPROVED PROTECTIONS AND BENEFITS FOR STUDENT LOAN BORROWERS

Chicago — Attorney General Lisa Madigan and U.S. Sen. Dick Durbin today called on the U.S. Department of Education to improve protections and benefits for student borrowers by strengthening student loan servicing. They also called for the passage of legislation that would allow current federal borrowers to refinance their loans at lower interest rates and allows private borrowers to refinance into federal loans.

Madigan and Durbin have long advocated for increased protections for student borrowers and supported legislation to make it easier for millions of working families to manage the student loan debt they already have. Student loan debt has tripled over the last decade with more than 40 million borrowers owing about \$1.2 trillion on their student loans.

"My investigations into thousands of student loan borrowers' repayment problems revealed bad practices and repeated abuses by student loan servicers that hurt borrowers," Madigan said. "Student loan borrowers need information on the many repayment options available to them. More consumer protections and clear student loan servicing standards are overdue so that borrowers can help pay back their loans and build successful lives."

"Unlike previous generations of college graduates, me included, who could borrow a reasonable amount to finance their college education, this generation of college graduates start out with nearly \$30,000 in debt on average. And, it's no surprise, many are struggling to repay it," Durbin said. "We need to ensure that repaying those loans isn't unnecessarily difficult either because of the amount they're taking out or simply because the process of repaying and their servicer makes it too burdensome and frustrating. I'm hopeful that in the coming months, we will start to see both of those things change for the benefit of student borrowers."

The U.S. Department of Education is currently working on a major overhaul of the student loan servicing process with the contractors that handle the repayment of federal student loans. The Department has put forward a set of servicing principles that are based on protections in Durbin's Student Loan Borrower Bill of Rights – legislation to provide basic rights to federal student borrowers – and Madigan's investigation into student loan servicing and debt collection.

Durbin's Student Loan Borrower's Bill of Rights provides six basic rights for all federal and private student loan borrowers:

- The right to have options such as alternative payment plans to avoid default.
- The right to be informed about key terms and conditions of the loan and any repayment options to ensure changing plans won't cost more.
- The right to know your loan's servicer and who to reach out to when there is a problem.
- The right to consistency when it comes to how monthly payments are applied. Lenders and servicers should also honor promotions and promises that are advertised or offered.
- The right to fairness, like grace periods when loans are transferred or debt cancellation when the borrower dies or becomes disabled.
- The right to accountability, including timely resolution of errors and certification of private loans.

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. Madigan is currently leading an investigation into Navient, formerly Sallie Mae, which is the largest servicer of student loan debt in the country. Madigan has testified before Congress and urged the U.S. Department of Education to crack down on the many abuses and scams facing student borrowers.

Madigan was the first attorney general in the country to crack down on a new industry of student loan debt relief scams, which seek out student loan borrowers who are desperate for help to avoid their loans and scam them into paying money to help with their

debt. In reality, once these scams take upfront fees from borrowers, they do little to any work to help them with their payments. Madigan has also cracked down on fraudulent practices in the for-profit college industry, reaching settlements with Westwood College and Education Management Corporation (EDMC), which operates five Illinois Institute of Art and Argosy University campuses.

Madigan also created a free Student Loan Helpline to provide student borrowers with free resources about repayment options, avoiding default or to file a complaint about loan servicing at (800) 455-2456 (TTY: 1-800-964-3013). More information can also be found on her [website](#).

Durbin has co-sponsored legislation to allow current student loan holders to refinance to a lower interest rate, lowering payments by hundreds or thousands of dollars a year for potentially millions of borrowers. The Bank on Students Emergency Loan Refinancing Act would allow current federal borrowers to refinance their loans at federal interest rates available this academic year and allows private borrowers to refinance into federal loans. The ability to refinance could help an estimated 1.3 million of the 1.7 million Illinoisans with student loan debt. Republicans have blocked Democratic efforts to bring the bill to the floor in the past.

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