

News Release

Nicole Elbertson

717-720-2509

press@pheaa.org



FOR IMMEDIATE RELEASE

PHEAA Urges Students and Borrowers to Beware of Financial Aid Scams

Harrisburg, PA (July 30, 2024) – The Pennsylvania Higher Education Assistance Agency (PHEAA) cautions borrowers to be alert for financial aid scams that could expose them to identity theft and significant financial loss.

“Scammers capitalize on the confusion that often surrounds student loan forgiveness and repayment plans,” said Senator Wayne Fontana, Chairman of the PHEAA Board. “The best way for students and borrowers to protect themselves from harm is to be vigilant and educated on the latest scams and techniques being employed.”

Scammers use multiple modes of communication to reach borrowers, including social media, text messages, emails, and phone calls.

“For many, student loans are the only way to afford their dream of higher education,” said James H. Steeley, PHEAA President and CEO. “But it places them at risk for financial scams, even as they’re trying to properly manage their loan debt and achieve repayment. It is critical that they educate and protect themselves from becoming a victim.”

Scammers often pose as government representatives or have look-alike government websites and logos to trick unsuspecting victims. Visit the U.S. Department of Education’s (ED) website, StudentAid.gov, for information about all available student loan debt relief and repayment plans. Borrowers should never pay for a service that is available to them for free.

Here are some signs that ED shared to help you identify a scam:

- They require you to pay up-front or monthly fees for help.
- They promise immediate and total loan forgiveness or cancellation.
- They ask for your FSA ID username and password.
- They ask you to sign and submit a third-party authorization form or a power of attorney.
- They claim that their offer is limited and encourage you to act immediately.
- Their communications contain spelling and grammatical errors.

- more -

If you have been targeted by a scammer or think you may be a victim:

- Cancel your payments. If you realize after the fact, work with your bank to cancel or block your scheduled payment. Banks should have policies in place to help you avoid future fraudulent activity.
- Contact your servicer. They can help you protect your account. If you signed a power of attorney giving the scammer the right to communicate with your servicer on your behalf, get it revoked.
- Submit a report to the Federal Trade Commission (FTC) or the ED's Office of Inspector General.
- Contact the Pennsylvania Attorney General's Office.

If you believe that you have been targeted or victimized by a scam, you may also contact the Pennsylvania Department of Banking and Securities, the Consumer Financial Protection Bureau (CFPB), or the FTC.

Students and families are also encouraged to visit PHEAA on Facebook, X (@PHEAAaid), and LinkedIn where they can learn more about the higher education financial aid process, reminders of financial aid deadlines, and information pertaining to planning for higher education. Additionally, video tutorials explaining the student aid process and types of aid available can be found at [YouTube.com/PHEAASStudentAid](https://www.youtube.com/PHEAASStudentAid).

#

About PHEAA

The Pennsylvania Higher Education Assistance Agency (PHEAA) was created by the Pennsylvania General Assembly in 1963 to provide affordable access to higher education for PA students and families. Through the years, PHEAA has evolved into one of the nation's leading providers of student financial aid services, including the Commonwealth's first state-based student loan program – PA Forward. PHEAA also serves millions of students through its loan guaranty, loan servicing, financial aid processing, and other programs.

PHEAA conducts student loan servicing operations nationally as American Education Services (AES).

PHEAA's press releases are accessible at <https://www.pheaa.org/about/press-releases/>.