



OFFICE OF GOVERNOR ANDY BESHEAR
COMMONWEALTH OF KENTUCKY

FOR IMMEDIATE RELEASE

**SCAM
ALERTS**

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Scam Alert: Loan Repayment Companies Scamming Students, Charging Them For Services Available for Free

FRANKFORT, Ky. (April 16, 2021) – Today, Gov. Andy Beshear and the Kentucky Higher Education Assistance Authority (KHEAA) warned that if Kentucky students owe money on federal student loans, they should watch out for scamming loan repayment companies.

The companies offering to help students lower their payments may be charging large fees for services available for free.

“My administration will always put education first, and part of that means protecting Kentucky students, after they’ve graduated, from predatory companies trying to take advantage of them as they pay back the loans that helped them pursue their education goals,” Gov. Andy Beshear said.

Some third-party companies claim to offer document preparation services and act as though they can help students qualify for a loan forgiveness program, but they may want upfront fees and personal and financial information. The Federal Trade Commission says it is illegal for companies to charge upfront fees before providing debt relief services.

The Governor and KHEAA warn borrowers to be skeptical about companies that:

- Ask for payment up front and for monthly fees to monitor an account;
- Promise immediate loan forgiveness; or
- Ask for a student’s FSA ID password and a power of attorney.

“To avoid falling victim to a scam, start with the servicer the Department of Education has assigned your loan to,” said Gene Hutchins, executive director of the Kentucky Higher

Education Assistance Authority. “Your servicer can tell you what your options are and can help you with the forms you need. And unlike these scam companies, your servicer will never charge you a fee for their assistance.”

If a student doesn’t know what his or her servicer is, that information can be found at <https://studentaid.gov/h/manage-loans>.

If students believe they have been contacted by a scammer, they should report it to the Consumer Financial Protection Bureau [here](#) and the Kentucky Attorney General’s Office [here](#).

This is KHEAA’s Money Tip of the Month.

KHEAA is the state agency that administers Kentucky’s grant and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES). The agency also provides financial literacy videos at itsmoney.kheaa.com and free copies of “It’s Money, Baby,” a guide to financial literacy, to Kentucky schools and residents upon request at publications@kheaa.com.

KHEAA’s sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC), offers low-cost Advantage Loans to help students and parents pay for college or refinance student loans. For more information about Advantage Loans, visit www.advantageeducationloan.com.

Many of KHEAA’s student aid programs are funded by Kentucky Lottery receipts.

For more information about Kentucky scholarships and grants, visit kheaa.com; write to KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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