

## Veterans and Active Duty Military Personnel face particular hardships due to mistakes by the companies that service their student loans

- Like their fellow Americans, many servicemembers have student loan debt. Congress has enacted a number of protections and benefits for servicemembers to help manage their student loan debt, particularly during deployment and after their return from active duty. Unfortunately, failures by student loan servicers have created difficulties for many military families similar to those affecting other families dealing with education debt.
- According to National Center for Education Statistics, the average cumulative amount of student loan debt for active-duty servicemembers graduating from college in 2008 was \$25,566. With over two million men and women serving in the military, ensuring access to clear information about how to successfully manage this debt is critical.

### Here are some of the challenges servicemembers face with student loans:

- General problems with loan servicers. As happens with other student borrowers, the student loan servicing companies often fail to provide information about alternative repayment options. As a result servicemembers are often put into repayment plans—such as deferment or forbearance—that are less favorable than ones they are entitled to. This can cost individual servicemembers thousands of dollars in extra debt. **Of the complaints made this year by Coloradans to the Consumer Financial Protection Bureau regarding federal student loan servicers, 9.6% were from military servicemembers.**
- Problem obtaining military deferment. And even where a military deferment is a good option, and the servicemember qualifies, servicers sometimes wrongfully deny it. For example, an active duty servicemember who had been deployed to Afghanistan, contacted his servicer to inquire about a military deferment during his deployment. The request was denied. It was only after he submitted a complaint to the CFPB, that his servicer re-reviewed his previously submitted application and determined that he did, in fact, qualify for the deferment. But many servicemembers, like many other students, do not know to contact the CFPB, or may give up and accept worse terms than they are entitled to.
- Problems accessing rights under the Servicemembers Civil Relief Act. Unique to servicemembers are rights afforded by the Servicemembers Civil Relief Act, which was enacted to make sure that servicemembers are not hounded for debts while they are deployed. Unfortunately, due to servicing errors and complicated eligibility requirements, many servicemembers face barriers to accessing the full range of benefits that they are entitled to.
- Abuses by for-profit colleges. Servicemembers also are a ripe target for for-profit colleges, eager to access their GI Bill tuition dollars. These colleges have poor graduation rates, frequently leave students with worthless or incomplete degrees and deeply in debt.
- Servicemembers killed in action (and in debt). Finally, parents who co-sign on loans made to servicemembers killed in action may be left on the hook and out of options. Military families requesting student loan forgiveness following the death of their child often find the process is not transparent, varies depending on their servicer or (for private loans) the owner of their loan and, and when loan forgiveness was denied, the criteria used for this decision was never disclosed. This creates needless added grief for families mourning the loss of a child killed in combat.