



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Kathy Blumenfeld, **Secretary**

FOR IMMEDIATE RELEASE:

April 28, 2020

COVID-19 Student Loan Relief & Related Scams

MADISON, Wis. – The recently enacted Coronavirus Aid, Relief, and Economic Security (CARES) Act helps address the economic fallout from the 2020 [COVID-19](#) pandemic, including support for federal student loan borrowers.

“Lost wages due to the new coronavirus and the disease it causes, COVID-19, may affect borrowers’ ability to manage and repay their student loans,” said Kathy Blumenfeld, Cabinet Secretary, Wisconsin Department of Financial Institutions (DFI). “The federal government, private lenders, and others are offering student loan relief to help borrowers manage the economic fallout.”

Under the CARES Act, borrowers with federally held student loans will automatically receive a six-month forbearance retroactive to March 13 for eligible loans. No payments will be due and no interest will accrue during this forbearance period, which lasts until September 30. All auto-debit payments will be automatically suspended, but borrowers may want to cancel their autopay via their servicer’s website to ensure money is not deducted before the suspension is implemented. If it is, then borrowers can request a refund.

“This forbearance is automatic, but borrowers can still make payments of any amount over the next six months if they want to reduce their balance. Or use the pause to prioritize other money moves, such as starting an emergency fund or paying down high-interest debt, since their student loan balances won’t increase during this forbearance period,” said DFI Secretary Blumenfeld.

Due to the automatic forbearance, borrowers need to be aware that their repayment terms may be extended, so the final payment date might be six months later than originally planned. The benefits authorized by the CARES Act also do not apply to private (non-federal) student loans owned by banks, credit unions, schools, or other private entities. In addition, some federal student loans under the Federal Family Education Loan (FFEL) Program are owned by commercial lenders, including PLUS loans and Stafford loans, and some Perkins Loans are held by the institution or school attended. The FFEL lender or school may choose to suspend interest and payments on a voluntary basis, but they are not required to do so by law. Borrowers should contact their lender or servicer to find out if these options are available to them. For a list of loan servicers, visit the [Federal Student Aid website](#) or call the Federal Student Aid Information Center (FSAIC) at 1-800-433-3243.

“Borrowers also need to be aware of potential scams involving student loans, such as receiving emails asking for a fee or confirmation to have student loan payments suspended,” said Lara Sutherlin, Administrator, Division of Trade and Consumer Protection, Wisconsin Department of

Office of the Secretary

Mail: PO Box 8861 Madison, WI 53708-8861
Courier: 4822 Madison Yards Way, Madison, WI 53705
Voice: (608) 264-7800 Fax: (608) 261-4334 Web: www.wdfi.org

Agriculture, Trade, and Consumer Protection (DATCP). “All eligible federal student loans are automatically enrolled; borrowers should not be asked, nor should they pay a fee for anything related to their federal student loans at this time.”

Borrowers must watch out for offers to forgive student loan debt in its entirety or change repayment plans for a fee, as well as requests for other personal information in order to suspend payments in response to COVID-19. “There is no such thing as instant student loan relief, and borrowers don’t need to pay a fee for their student loan servicer to help them,” said DATCP Administrator Sutherlin. “Often student loan scams are robocalls or text messages asking borrowers to call them back in order to get more information on how these new measures will impact their future payment obligations. If this happens, borrowers shouldn’t answer or return these requests.”

DATCP offers the following tips to help borrowers protect themselves from scams, including COVID-19-related scams:

- Do not respond to calls or texts from unknown numbers, or any others that appear suspicious.
- Never share personal or financial information via email, text message, or over the phone.
- Be cautious if being pressured to share any information or make a payment immediately.
- Scammers often spoof phone numbers to trick consumers into answering or responding. Remember, government agencies will never call to ask for personal information or money.
- Do not click any links in a text message. If a friend sends a text message with a suspicious link that seems out of character, call to make sure they weren't hacked.

“Borrowers should continue to apply for state and federal grants, scholarships, and loans for the 2020-2021 academic year,” said Connie Hutchison, Executive Secretary, Wisconsin Higher Educational Aids Board (HEAB). “Borrowers who have not yet filed their Free Application for Federal Student Aid (FAFSA) for 2020-2021 should do so immediately,” she added.

For up-to-date information regarding federal student loans, visit the Federal Student Aid’s [“Coronavirus and Forbearance Information for Students, Borrowers, and Parents”](#) at [StudentAid.gov](#) or call the Federal Student Aid Information Center (FSAIC) at 1-800-433-3243. To report an issue with a student loan servicer, submit a complaint to the [Consumer Financial Protection Bureau \(CFPB\)](#).

###

Contact: DFICommunications@dfi.wisconsin.gov