How Does the Navient Student Loan Scandal Affect You?

Summary: The following are next steps for borrowers whose student loans are managed by Navient, a servicer accused of fraud.

The nation’s largest student loan servicer has been sued by the federal government for systematically cheating its students at every stage of the loan process. The U.S. Consumer Financial Protection Bureau has accused Navient of illegal activity, which includes not providing borrowers with important information and losing loan payments in order to collect late fees. Navient has responded to the lawsuit, claiming the allegations are unfounded and politically motivated.

While the case is ongoing, there are certain steps people affected can take until the lawsuit has been settled.

1. UNDERSTAND YOUR STUDENT LOAN REPAYMENT OPTIONS

Student loan providers are supposed to inform its consumers about their payment options. That includes income-driven payment plans, federal consolidation, or student loan forgiveness programs. However, the problem with Navient, according to the CFPB, was that they did not give borrowers this information because they wanted to collect more money.

To find out if Navient is your student loan servicer, visit the Department of Education.

If Navient is your servicer, you are still obligated to pay your loans. However, check out the Department of Education website to learn about your payment options. You may be eligible for lower payments or consolidation.

2. FILE A COMPLAINT

In its lawsuit, the CFPB stated that Navient frequently ignored consumer complaints. However, borrowers can submit their grievances to the CFPB and/or the Department of Education to help them with their current investigation.

For people who want to complain to Navient directly, complaints in writing are the best course of action. During a phone call, a representative can say one thing but do something else. Without a written record, it’s all he said-she said; but if you keep detailed accounts of your written correspondence, you will always be able to back up your claims in case any issues occur.

3. CHECK YOUR CREDIT REPORT

The CFPB accused Navient of incorrectly reporting to credit bureaus that some borrowers were “in default,” and this inaccuracy could wreck havoc on one’s credit score. To find out whether or not you have been affected, you can check out your credit report at Annual Credit Report, a free service backed by the CFPB.

4. MAKE REGULAR PAYMENTS

As mentioned above, the lawsuit against Navient is pending, and the company still has a contract to service federal student loans until 2019. Despite the allegations, you are still responsible for making payments, and one way to ensure your money keeps going through is to sign up for automatic deductions from your bank account.

If you want to repay your loans faster and are a Navient consumer, check your statements to make sure you are not charged incorrect fees. According to NBC News, Navient was accused of having payment processing issues. For instance, if you owed $100 in January and sent in $300, Navient would apply that money for January through March instead of putting that money towards your principle balance. It is advised to inform your loan service provider exactly what you want done with your payments when you send them, and that this request is put in writing.

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What do you think of the allegations against Navient? Let us know in the comments below.