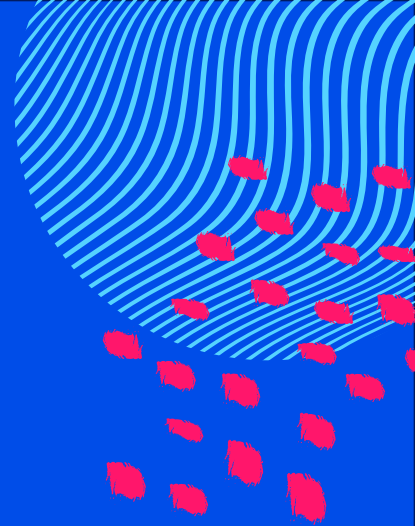


Show me the Signs: How to Recognize and Prevent Student Loan Fraud



Today's agenda



Defining fraud



Red Flags



Common types of fraud



What can you do????

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What is fraud?

Student loan fraud is when someone falsifies information, abuses student aid, impersonates someone else, or participates in a scam in order to qualify for student aid.

Paying off student loan debt can be overwhelming and daunting. Scammers prey on consumers with fraudulent offers to defer, lower, consolidate or eliminate debt.

Red flags



Email addresses that don't make sense

Physical address and/or phone number out of your school's normal area

Applicants calling/inquiring frequently

Increase and unusual application volume

Incoming calls from services such as WhatsApp

Best practices for schools



Ensure that your school certification process is strong



Establish disbursement policies



Be aware of suspicious trends

Common types of fraud

1

Classic ID theft

- Frequently seen during the application phase
- Most often, this takes the form of cosigner fraud

2

Synthetic fraud

- A unique form of ID theft where the fraudster constructs a fake person using components from stolen identities
- Occurs during the application process

3

Refund fraud

- Occurs post-disbursement
- A student withdraws or reduces their credits taken in order to initiate a refund of their loan proceeds with the intention to use the funds for other purposes
- May be seen in conjunction with synthetic fraud

What you can do to help stop fraud

Know your students

Ensure your school certification process is strong

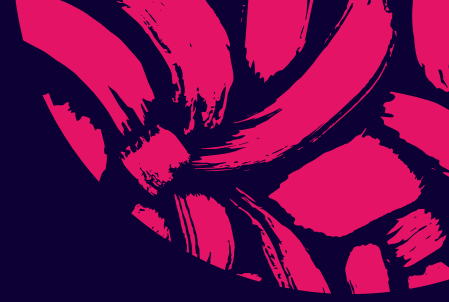
Set up disbursement processes that ensure funds are sent to your school and applied to the student's account

Establish strong refund policies

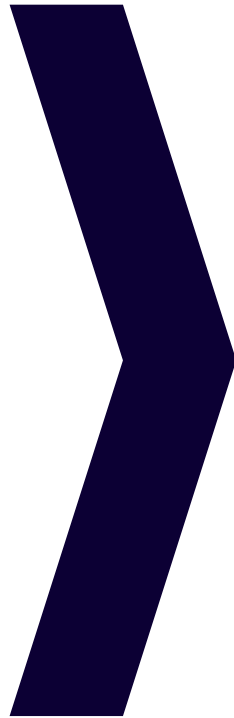
Report any suspicious trends to your lender partner(s)



Identifying identity theft



If something feels suspicious, it probably is....



- Verify the student enrollment at multiple points in the loan process
- Check IDs
- If a student is pressing you for their loan funds, it may be a red flag
- Ask the student to stop by your office or video call
- Make sure loan increase requests make sense for your student

Identifying cosigner fraud



- Are there discrepancies in the information they have in school records vs the loan application information provided?
- Are the borrower's and cosigner's email and/or phone number the same?

Identifying synthetic fraud

Compare the personal information on file vs the loan application

- Name
- Address
- Phone
- Email
- SSN



Lenders ask for validation of this information when it's spotted by us too!

- When we spot a mismatch we ask for ID verification to ensure it's not a fraudulent application

Borrow responsibly

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

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Thank you

