

NCLC Advocates Applaud CA AG's Lawsuit Against Navient

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Boston – National Consumer Law Center advocates applauded the California Attorney General, Xavier Becerra, for taking decisive action today to protect student loan borrowers from abusive student loan servicing practices. Attorney General Becerra filed a lawsuit against Navient Corporation (Navient) and its subsidiaries, Pioneer and General Revenue Corporation debt collection agencies. The suit alleged misconduct resulting in borrowers being steered into repayment options that were lucrative for the companies and often harmful to borrowers.

“Navient and other federal student loan servicers and debt collectors are the gatekeepers to many of the flexible repayment options offered by the Higher Education Act and thus wield substantial power over the financial stability of nearly 43 million student loan borrowers,” **said Persis Yu, director of National Consumer Law Center’s Student Loan Borrower Assistance Project.** Unfortunately, as has been extensively documented, the student loan debt collection and servicing industries have long been rife with misconduct. “When servicers and debt collectors act abusively and deceptively, the harm can be long-term and irreparable,” **said Yu.**

According to a Consumer Financial Protection Bureau report based upon student loan borrower complaints, sloppy practices by servicers created obstacles to repayment, raised the costs of debt, caused distress, and ultimately contributed to driving struggling borrowers to default.

The U.S. Department of Education’s Office of Inspector General and the U.S. Government Accountability Office have cited the Department for providing insufficient oversight to its debt collectors and servicers. Yet, despite failing to hold servicers accountable itself, in a recent announcement, the U.S. Department of Education attempted to shield servicers and debt collectors from the consequences of their illegal actions by erroneously claiming that the Higher Education Act preempts state laws designed to protect consumers from unfair, deceptive practices.

“Given the Department of Education’s lax record on oversight, and as record numbers of Americans struggle to afford their student loans, enforcement of state consumer protection laws is critical to hold servicers and debt collectors accountable and to redress the harm done to borrowers impacted by illegal servicer conduct,” **said Yu.**

For more information on resources for students grappling with student loan debt, please visit the National Consumer Law Center’s Student Loan Borrower Project website at: <http://www.studentloanborrowerassistance.org>.