

Advocates Applaud CFPB Lawsuit against Navient for Failing Student Loan Borrowers, Especially Disabled Students and Veterans

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The following statement is issued by Persis Yu, director of National Consumer Law Center's Student Loan Borrower Assistance Project in response to today's announcement that the Consumer Financial Protection Bureau is suing Navient, the nation's largest servicer of student loans.

We applaud the Consumer Financial Protection Bureau for taking critical steps to protect student loan borrowers who have been harmed by Navient's practices, which created obstacles to repayment by providing bad information, processing payments incorrectly, and failing to act when borrowers complained. It is especially distressing that Navient misreported to credit reporting companies loan defaults by disabled borrowers, including severely injured veterans, who were entitled to loan discharges.

The CFPB's lawsuit against Navient is important for ensuring that student loan borrowers are given every opportunity to succeed in repaying their student loans. The student loan system is incredibly complicated and hard to navigate. Furthermore, it is extremely challenging for student loan borrowers to privately enforce their rights when they have been wronged. We must hold those in charge of servicing student loans, especially those owed to the federal government, to the highest standards.

The action by the CFPB against Navient demonstrates the importance of having a strong and independent consumer watchdog on the side of students and working families. We call on President-Elect Trump to reject calls from Wall Street to fire CFPB Director Rich Cordray or to weaken the consumer watchdog.

Related Resource

NOTE: Navient was formed in 2014 by the split of Sallie Mae into two distinct entities, Sallie Mae Bank and Navient.

National Consumer Law Center report: The Sallie Mae Saga: A Government-Created, Student Debt Fueled Profit Machine, January 2014