CFPB Sues Company Over Student Aid Scam

By Allie Bidwell, Communications Staff

The Consumer Financial Protection Bureau (CFPB) on Thursday said it filed a lawsuit against a company that allegedly deceived tens of thousands of students nationwide in a financial aid scam.

The California-based company, Global Financial Support, Inc. – which also operates under the names Student Financial Resource Center and College Financial Advisory – charged students and families millions of dollars in fees for financial services they often never received, the CFPB said in a press release. In its complaint, the CFPB said the company has operated the scheme since at least January 2011.

“Student Financial Resource Center and College Financial Advisory scammed thousands of students by masquerading as government agencies and other trusted organizations,” said CFPB Director Richard Cordray, in a statement. “Students and families were looking for information on how to pay for college, instead they were illegally charged millions of dollars for sham financial services. We will continue to take strong action against those who deceive consumers.”

The CFPB claims the company would send letters to graduating high school seniors, enrolled college students, and their families that instructed them to return an application with a fee of between $59 and $78 for a financial aid program. The company said that in return, it would match the students with “targeted financial aid opportunities,” according to the CFPB’s complaint.

The materials the company sent to students also used logos and seals to make the recipients think the company was affiliated with a government agency or a college financial aid office, and used a false deadline to pressure the students into returning the application and fees.

The CFPB said in its complaint that the company used these tactics to “exploit consumers’ unfamiliarity, anxiety, and confusion about the Free Application for Federal Student Aid (‘FAFSA’) and the student financial aid process generally.”

The CFPB is seeking an injunction to halt the company’s operations and obtain relief for the affected students.