

Advocates Condemn Move by Consumer Bureau's Mulvaney to Shutter Student Loan Division that Uncovered Major Abuses by Predatory Lenders

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Boston - In an announcement today that he is closing the Consumer Financial Protection Bureau's Office of Students and Young Consumers, Interim Director Mick Mulvaney has eliminated a key watchdog that has been working to protect 44 million student loan borrowers from rampant abuses by servicers, debt collectors, and predatory lenders.

"Congress charged the consumer bureau with protecting student borrowers from abusive financial lenders who break the law," **said Persis Yu, staff attorney and director of the National Consumer Law Center's Student Loan Borrower Assistance Project.** "The \$1.5 trillion-dollar student loan industry needs a tough cop on the beat. Mr. Mulvaney's action is a naked ploy to silence an effective team looking out for student loan borrowers."

Under the leadership of Consumer Financial Protection Bureau Student Loan Ombudsman Seth Frotman and his predecessor Rohit Chopra, the Office of Students and Young Consumers has uncovered systemic abuses in student loan servicing, prompting important reforms to the industry. In particular, the Office uncovered problems with the U.S. Department of Education's implementation of income-driven repayment plans, eventually leading to a lawsuit against student loan servicer Navient for practices that caused borrowers to pay thousands of additional dollars on their federal student loans and added years to their repayment.

"The Office of Students and Young Consumers was instrumental in ensuring that basic consumer protections were a part of the framework to improve student loan servicing practices, promote borrower success, and minimize defaults. It also played a critical role in raising questions about federal loan repayment programs that simply did not work for many low-income borrowers," **said Yu.** "The Office of Financial Education is unlikely to be able to play this role."

"Student loan borrowers need much more than financial education; they need to know that someone at the federal government is putting their interests over big businesses and Wall Street profits," **said Yu.** "Mr. Mulvaney's decision to shutter the consumer bureau's Office of Students and Young Consumers greatly increases the risk that millions of borrowers, especially those with the least means, will be targeted by emboldened financial wrongdoers. The likely result will trap them into paying unnecessary additional debt for decades."