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CFPB Report Identifies Challenges Faced by Borrowers in Resumption of Student Loan Payments

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CFPB oversight identifies long hold times, inaccurate billing statements, and processing delays

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WASHINGTON, D.C. - The Consumer Financial Protection Bureau (CFPB) published an issue spotlight today on the CFPB's oversight of student loan servicing practices in the early months of the resumption of federal student loan repayments after over three years of a payment pause due to the COVID-19 emergency. Borrowers are encountering long hold times when trying to reach their student loan servicer, experiencing significant delays in application processing times for income-driven repayment plans, and receiving inaccurate billing statements and disclosures.

"The resumption of student loan payments means that borrowers are making billions of dollars of payments each month," said CFPB Director Rohit Chopra. "If student loan companies are cutting corners or sidestepping the law, this can pose serious risks to individuals and the economy."

The CFPB has been closely monitoring student borrowers' experiences during the return to repayment, using consumer complaints to identify emerging problems and using its supervisory authority to examine loan servicer conduct and performance. The issue spotlight highlights a number of key concerns including:

- **Long hold times and abandoned calls:** The report finds that borrowers are frequently forced to wait on hold for more than an hour when calling their servicer, and many give up without ever receiving assistance. Many servicers were able to boost their financial performance by dramatically reducing staffing during the pandemic. However, servicers have not met the foreseeable borrower demand for help with their loans. Average call wait times to speak to a live representative have risen from 12 minutes in August 2023 to over 70 minutes in October 2023. As a result, roughly half of all calls were abandoned in October 2023, more than double August 2023's rate of 17%. This is leaving borrowers unable to fix errors, get answers to questions, or enroll in an affordable repayment plan or cancellation plan.
- **Significant delays in processing income-driven repayment plan applications:** Millions of income-driven repayment plan applications were submitted between August and October 2023. As of late October, servicers reported more than 1.25 million pending income-driven repayment plan applications - with more than 450,000 of those applications pending for more than 30 days with no resolution. Processing times vary across servicers, with some servicers taking five times longer than others to process applications. These delays put borrowers at risk for making significantly higher payments than they can afford.
- **Inaccurate and untimely billing statements:** Borrowers are receiving faulty and confusing bills from servicers. Errors include listing premature due dates before the end of the payment pause, inflating monthly payment amounts due to the servicer using outdated poverty guidelines, or using the incorrect income when calculating a borrower's new income-driven repayment plan payment. These mistakes can cause significant borrower confusion, and can further strain the servicers' resources by forcing borrowers to contact their servicer to resolve the errors.

The CFPB has [previously published research](#) using the CFPB Consumer Credit Panel to forecast how the return to repayment would affect borrowers' financial situations and [highlighted complaints from borrowers about the return to repayment](#).

Read the report, [Issue Spotlight: Federal Student Loan Return to Repayment](#).

[Statement of Director Chopra on Student Loan Report](#).

The CFPB has [resources for student loan borrowers](#) needing more information. Borrowers can also visit the Department of Education's [Federal Student Aid website](#) for more information on restarting student loan payments.

Consumers can submit complaints about financial products or services by visiting the [CFPB's website](#) or by calling (855) 411-CFPB (2372).

Employees of companies who they believe their company has violated federal consumer financial laws are encouraged to send information about what they know to whistleblower@cfpb.gov.

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit www.consumerfinance.gov.

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