

STATE OF MARYLAND
OFFICE OF
FINANCIAL REGULATION

MARYLAND DEPARTMENT OF LABOR
100 S. CHARLES STREET TOWER 1, SUITE 5300
BALTIMORE, MARYLAND 21201



REPORT OF THE
STUDENT LOAN OMBUDSMAN

For the Year Ending December 31, 2024

Presented to:

The Honorable William C. “Bill” Ferguson IV
President
Senate of Maryland
State House, H-107
Annapolis, MD 21401

The Honorable Adrienne A. Jones
Speaker
Maryland House of Delegates
State House, H-101
Annapolis, MD 21401

Antonio P. Salazar
Commissioner of Financial Regulation

Amy P. Hennen
Student Loan Ombudsman

Table of Contents

OFFICE OF FINANCIAL REGULATION	1
MISSION	1
STUDENT LOAN OMBUDSMAN PROVISIONS	1
STUDENT LOAN OMBUDSMAN’S REPORT ON THE ESTABLISHMENT OF THE STUDENT LOAN OMBUDSMAN POSITION	3
OMBUDSMAN’S MISSION.....	3
STUDENT LOAN BORROWER’S BILL OF RIGHTS.....	4
AN OVERVIEW OF STUDENT LOANS	5
Student Loan Debt in the United States.....	5
Concerns Regarding Loan Servicing.....	6
Department of Education Changes and Programs in 2024.....	7
- <i>Income-Driven Repayment (IDR) – SAVE Plan</i>	<i>7</i>
- <i>Fresh Start Program.....</i>	<i>7</i>
- <i>On-Ramp Transition Program.....</i>	<i>7</i>
FEDERAL, STATE, AND LOCAL DEVELOPMENTS	8
Activity of the Department of Education	8
- <i>Overview of Maryland Complaints.....</i>	<i>8</i>
- <i>Demographics and Geography of Borrower Complaints.....</i>	<i>8</i>
- <i>Complaints by Topic.....</i>	<i>10</i>
- <i>Servicing-Related Complaints</i>	<i>10</i>
Activity of the Consumer Financial Protection Bureau	12
- <i>Maryland-Specific Complaint Data.....</i>	<i>13</i>
- <i>Servicing Issues Highlighted in 2024</i>	<i>14</i>
Maryland Activity.....	14
PROCEDURES FOR PROCESSING BORROWERS’ COMPLAINTS AND STUDENT LOAN SERVICER DESIGNEE INFORMATION.....	15
For Borrowers	16
For Loan Servicers.....	16
STUDENT LOAN OMBUDSMAN EDUCATION AND OUTREACH	16
Response to change announcements by the U.S. Department of Education.....	17
ANALYSIS OF STUDENT LOAN INQUIRIES	18
RECOMMENDATIONS.....	19

STEPS FOR THE UPCOMING YEAR.....	20
Education and Outreach	20
Processes and Procedures.....	21

OFFICE OF FINANCIAL REGULATION MISSION

The Office of Financial Regulation (OFR or the “Office”), established in 1910, is Maryland’s consumer financial protection agency and financial services regulator. The Office's mission is to protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong state economy.

STUDENT LOAN OMBUDSMAN PROVISIONS

The Financial Consumer Protection Act of 2018, effective October 1, 2018, and codified in pertinent part at Financial Institutions Article § 2-104.1 *et. seq.* (the “Act”), provides that the Commissioner of Financial Regulation (the “Commissioner”) shall designate an individual to serve as the Student Loan Ombudsman (the “Student Loan Ombudsman” or the “Ombudsman”). The Student Loan Ombudsman is to serve as a liaison between student loan borrowers and student loan servicers.

The Act and subsequent amendments to FI § 2-104.1 specify certain activities that are to be undertaken by the Student Loan Ombudsman, among them:

- 1) Receiving and processing, in consultation with the Commissioner, complaints about student education loan servicing;
- 2) Referring matters that are deemed abusive, unfair, deceptive, or fraudulent to the Office of the Attorney General for civil enforcement or criminal prosecution;
- 3) Referring complaints of violations of student education loan servicing standards to the OFR for investigation;
- 4) Disseminating information about the Student Loan Ombudsman and about student education loans and servicing;
- 5) Analyzing and monitoring the development and implementation of federal, State, and local laws, regulations, and policies on student loan borrowers;
- 6) Disclosing the complaint data the Student Loan Ombudsman compiles and analyzes;
- 7) Making certain recommendations and a yearly report to the General Assembly; and
- 8) On or before October 1, 2019, establishing, in consultation with the Commissioner, a student loan borrower education course.

Effective October 1, 2019, the Act was further enhanced by the provisions of HB594/SB670 which prohibited student loan servicers from engaging in certain conduct, including, among other things, any of the following:

- Employing any scheme, device, or artifice to mislead a student loan borrower;
- Engaging in any unfair, abusive, or deceptive trade practice; or
- Knowingly misapplying or refusing to correct a misapplication of payments; or
- Failing to apply non-conforming payments as directed by the borrower.

The additions also require student loan servicers to respond to inquiries and complaints within 30 days of receipt, authorize the Ombudsman to refer complaints to OFR, and grant enforcement authority to OFR. Finally, they provide that any violation of the law is deemed an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act.

STUDENT LOAN OMBUDSMAN'S REPORT ON THE ESTABLISHMENT OF THE STUDENT LOAN OMBUDSMAN POSITION

The **Student Loan Ombudsman** is required to submit an annual report to the **General Assembly**, in compliance with § 2-1257 of the **State Government Article**. This report must include the following key components:

1) **Description of the Ombudsman's Activities:**

- This section will provide a summary of the Ombudsman's work throughout the year, including outreach efforts, complaint resolution, collaborations with other agencies, and any other activities aimed at supporting student loan borrowers.

2) **Discussion of Federal, State, and Local Developments:**

- The Ombudsman will detail significant developments related to student loan servicing at the federal, state, and local levels. This may include changes in laws, policies, or regulations that impact borrowers, such as new repayment programs or legislative actions affecting the student loan industry.

3) **Findings, Analysis, and Recommendations Regarding Complaint Data and Trends:**

- This section will present an analysis of the complaints received by the Ombudsman, identifying any trends, recurring issues, or areas of concern for Maryland borrowers. The Ombudsman may also offer recommendations for improvements based on these findings.

4) **Discussion of Needed Statutory Changes:**

- The Ombudsman will provide an analysis of whether there are any statutory changes needed to ensure that the student loan servicing industry operates in a **fair, transparent, and equitable** manner for Maryland borrowers. This may involve suggesting changes to existing laws, regulations, or creating new protections for borrowers.

By addressing these points, the annual report serves as an important tool for informing the General Assembly about the state of student loan servicing in Maryland, the challenges faced by borrowers, and potential legislative actions that may improve the system

OMBUDSMAN'S MISSION

Pursuant to the **2018 Act**, the **Student Loan Ombudsman** was designated by the **Commissioner** and began service in **October 2018**. This Act outlines the Ombudsman's responsibilities, with the **primary function** being to serve as a resource for student loan borrowers in Maryland. The

Ombudsman helps borrowers resolve complaints about student loan servicers, acting as an intermediary to facilitate solutions and correct mistakes.

Key duties of the Ombudsman include:

- **Providing assistance** to student loan borrowers in resolving disputes with servicers.
- **Informing the public** and the **Maryland State Legislature** about student loan issues and trends, including the collection of data on student loan servicing in the state.
- **Reporting complaint data** and **recommendations** to the **General Assembly** in the Ombudsman's annual report.
- **Referring complaints** that may indicate violations of law or deceptive practices to the **Office of Financial Regulation (OFR)** or the **Maryland Office of the Attorney General** for investigation, civil enforcement, or criminal prosecution.

Under the **Act**, student loan servicers operating in Maryland are also required to:

- **Designate a representative** to communicate with the Ombudsman regarding complaints.
- Provide the **representative's contact information** (name, phone number, and email) to the Ombudsman.

Additionally, the Ombudsman established an **educational course** for student loan borrowers, developed in consultation with the Commissioner. This course is available to the public through the Ombudsman's webpage and can be accessed here:

- [Student Loan Borrower Education Course](#)

This initiative is designed to empower Maryland borrowers by providing the tools and resources needed to better navigate the complexities of student loan servicing and advocate for their rights.

STUDENT LOAN BORROWER'S BILL OF RIGHTS

On **October 22, 2020**, the **Ombudsman** published the **Student Loan Borrower's Bill of Rights (BOR)** for Maryland residents. The BOR was created in response to the **2018 Act** and the **2019 legislation** that enhanced it. Although the Act provided significant protections for student loan borrowers, the Ombudsman recognized the need for clearer communication about the rights and responsibilities it outlined for borrowers.

The **BOR** is a **plain-language document** that outlines the rights of Maryland residents repaying student loans. It describes the protections borrowers are entitled to, such as those related to **responsiveness, payment allocation, record retention, and credit reporting**. It also sets clear standards for **student loan servicers**.

This document is intended to be a practical tool for student loan borrowers in their interactions with loan servicers. The BOR can be accessed at the following link:

- [Student Loan Borrower's Bill of Rights PDF](#)

Additionally, the Ombudsman created a specific page on the **Office of Financial Regulation (OFR) website** dedicated to the BOR:

- [BOR Page on the OFR Website](#)

The Ombudsman also issued an **Advisory** announcing the publication of the BOR. The Advisory can be found at:

- [Advisory on Student Loan Borrower's Bill of Rights](#)

This initiative aims to empower borrowers with information that can help them navigate their rights and responsibilities when managing student loans in Maryland.

AN OVERVIEW OF STUDENT LOANS

Student Loan Debt in the United States

In 2024, student loan debt in the United States decreased to **\$1.725 trillion**, down from **\$1.766 trillion** in 2023. Of this total, approximately **93%** (\$1.60 trillion) is federal student loan debt, financed by the U.S. Department of Education, while the remaining **7%** (\$125 billion) is considered private or institutional debt.^{1,2}

Over the past 15 years, the student loan debt market has grown by **194.8%**, increasing from **\$600 billion in 2007** to the current total of **\$1.725 trillion**. During this period, the number of student

¹ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (2nd Quarter, August 2024)

² G19 Consumer Credit Series. The Federal Reserve Bank of St. Louis, Student Loans Owned & Securitized, Outstanding, (September 9, 2024)

loan borrowers has risen by **51%**, from approximately **29 million** borrowers to nearly **43 million**.^{3,4}

The **average federal loan balance** in 2024 is **\$37,100**, while the total average balance (including private loans) is estimated at **\$40,681**. Black and African American college graduates owe an average of **\$25,000 more** in student loan debt than their White counterparts. Women hold **64% of all student loan debt**.⁵

State averages for student debt at graduation range from a low of **\$29,647** in **North Dakota** to a high of **\$54,795** in **Washington, D.C.** In **Maryland**, the average student loan debt is **\$43,692**. The state has approximately **833,100 student loan borrowers** who collectively owe **\$36.4 billion** in student loan debt. This represents **13.5%** of Maryland's population, with **47.6%** of these borrowers being under the age of 35.⁶

Student loan debt remains the **second-highest consumer debt category** in the U.S., behind mortgage debt, surpassing both credit card debt and auto loans. Historically, the average U.S. student loan **delinquency/default rate** (90+ days overdue) for the three years before the student loan payment pause in **2020** was **11.2%**, which was higher than the delinquency rates for other types of household debt.⁷

The **On-Ramp Program**, which prevented negative credit reporting on federal student loans, ended in **October 2024**. As a result, by **November 2024**, very few borrowers were marked as 90 days delinquent, and the delinquency/default rate remained below **1%**. However, with the program's conclusion, this rate could return to its historic levels.⁸

Concerns Regarding Loan Servicing

Beyond the overall debt burden, there are ongoing concerns about the **quality of student loan servicing**. The most significant of these concerns revolve around borrowers' inability to obtain **accurate information** about their loans and repayment options, particularly if they face difficulty making payments.

³ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (2nd Quarter, August 2024)

⁴ G19 Consumer Credit Series. The Federal Reserve Bank of St. Louis, Student Loans Owned & Securitized, Outstanding, (September 9, 2024)

⁵ Hanson, Melanie. "Student Loan Debt Statistics" EducationData.org, June 20, 2024, June 27, 2024, July 15, 2024, October 15, 2024 <https://educationdata.org/student-loan-debt-statistics>

⁶ Hanson, Melanie. "Student Loan Debt Statistics" EducationData.org, June 20, 2024, June 27, 2024, July 15, 2024, October 15, 2024 <https://educationdata.org/student-loan-debt-statistics>

⁷ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (3rd Quarter, November 2024)

⁸ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (3rd Quarter, November 2024)

The **Student Loan Ombudsman** in the **Federal Student Aid (FSA)** office at the **Department of Education (ED)** received complaints from borrowers from **October 1, 2023**, through **September 30, 2024**. A detailed review of these findings is included in the FSA section of this report (see pages 6-10).

Similarly, the **Student Loan Ombudsman** at the **Consumer Financial Protection Bureau (CFPB)** has reviewed servicer practices and reported on issues identified in the servicing of student loans in its Annual Reports. A summary of these findings can be found in the CFPB section of this report (see pages 11-13).

Department of Education Changes and Programs in 2024

- *Income-Driven Repayment (IDR) – SAVE Plan*

In **July 2023**, the U.S. **Department of Education** introduced new federal regulations for a **Saving on Valuable Education (SAVE)** plan, designed to make federal student loan payments more affordable for borrowers.⁹ However, in the **summer of 2024**, **litigation** led to the temporary suspension of the SAVE plan. For many borrowers, the SAVE plan provided a more manageable monthly payment.

Due to the pause in the SAVE plan, borrowers who were enrolled in the plan may need to either apply for an alternative Income-Driven Repayment (IDR) plan, such as **PAYE (Pay As You Earn)**, or wait to be transitioned to a new plan once the litigation is resolved. Importantly, the pause created by the litigation **does not count toward forgiveness programs** like **Public Service Loan Forgiveness (PSLF)**. Therefore, borrowers who are working toward forgiveness may want to apply for a different IDR plan to continue earning credit toward their forgiveness goals.

- *Fresh Start Program*

The Fresh Start Program, which allowed borrowers with student loans in default to have their loans returned to repayment status and apply for income-driven repayment plans, officially ended on October 2, 2024. Borrowers who took advantage of this program had the opportunity to earn credit toward forgiveness programs such as PSLF by enrolling in an IDR plan.

- *On-Ramp Transition Program*

When the **COVID-19 payment pause** ended in **October 2023**, the **Federal Student Aid (FSA)** office created the **On-Ramp Transition Program** to help borrowers avoid the negative impact of missed payments on their credit scores. During this program, borrowers who missed payments had their credit scores protected, even though **payments remained due** and **interest continued to**

⁹ 88 Fed. Reg. 43820 (Jul. 10, 2023) (to be codified at 34 C.F.R. § 682, 685). 88 FR 43820.

accrue on their loans. However, this program ended on **September 30, 2024**. Moving forward, borrowers who missed payments will no longer have the protection from negative credit reporting.

FEDERAL, STATE, AND LOCAL DEVELOPMENTS

Activity of the Department of Education

The FSA office at ED is the federal agency responsible for overseeing student loan servicers. The FSA Ombudsman accepts and investigates complaints regarding federal student loans. The FSA Ombudsman is in close communication with the Maryland Ombudsman to troubleshoot individual issues as well as relay information about widespread problems with federal student loans. The FSA Ombudsman has provided their complaint information for Maryland to contribute to this report.

- *Overview of Maryland Complaints*

During FY 2024, FSA received 6,365 complaints from Maryland residents who sought to manage their federal student aid. This volume of Maryland complaints increased 130% compared with FY 2023 (2,772 complaints). Complaints from Maryland residents with a military affiliation accounted for 7 percent of the total, similar to the share of Military complaints submitted across America.¹⁰

This past year FSA implemented notable changes to federal financial aid programs that were the focus of many complaints. The COVID-19 payment pause ended in August 2023 and the first payments were due from borrowers during the first month of the fiscal year. In addition, FSA released a new Free Application for Federal Student Aid (FAFSA) form for the 2024-25 aid year that made significant changes to the application process aimed at expanding eligibility for Pell Grants.

- *Demographics and Geography of Borrower Complaints*

During the fiscal year, borrowers reached out to FSA from across Maryland. Complaints from the top ten cities accounted for 36 percent of the total.

¹⁰ Military affiliation includes servicemembers (active duty, national guard, and reserves), veterans, and their family members.

Figure 1: Maryland Complaints by Geographic Location¹¹

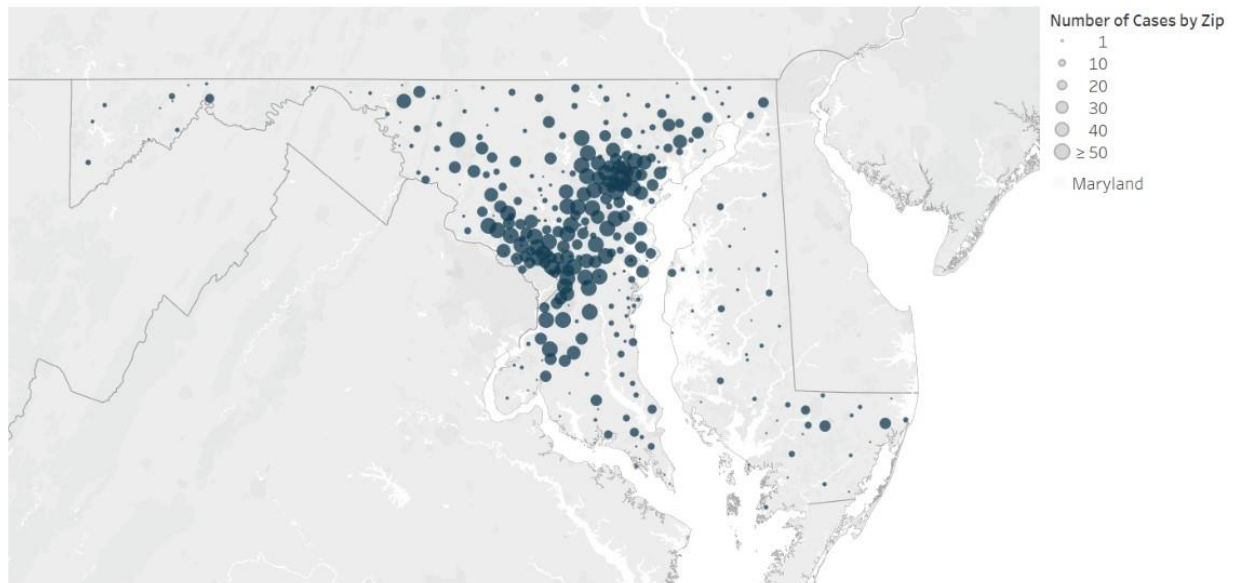


Table 1: Number of Maryland Complaints by City from the Top 10 by Volume

School	No. of Complaints
Baltimore	339
Silver Spring	130
Upper Marlboro	87
Bowie	83
Rockville	71
Frederick	68
Laurel	67
Waldorf	66
Columbia	61
Hyattsville	50
Gaithersburg	50

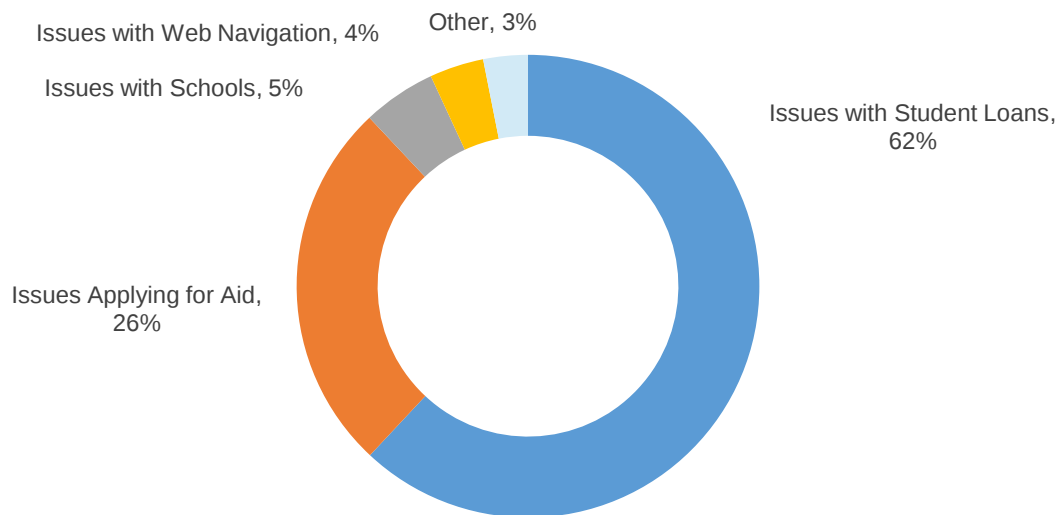
¹¹ Map only shows complaints that had a Maryland zip code listed in FSA's complaint system. Borrowers with more than one complaint are represented in the map for each complaint.

- ***Complaints by Topic***

FSA received complaints from Marylanders across all stages of the student aid lifecycle. The most common topic concerned 3,944 complaints (62 percent) about student loans. Maryland resident were 7 percentage points more likely to complain about student loan repayment than the United States overall (55 percent).

Residents also submitted 1,656 complaints (26 percent) about navigating the student aid application process, 326 complaints (5 percent) from individuals reporting problems with their school, and 241 complaints (4 percent) from individuals reporting issues with web navigation.

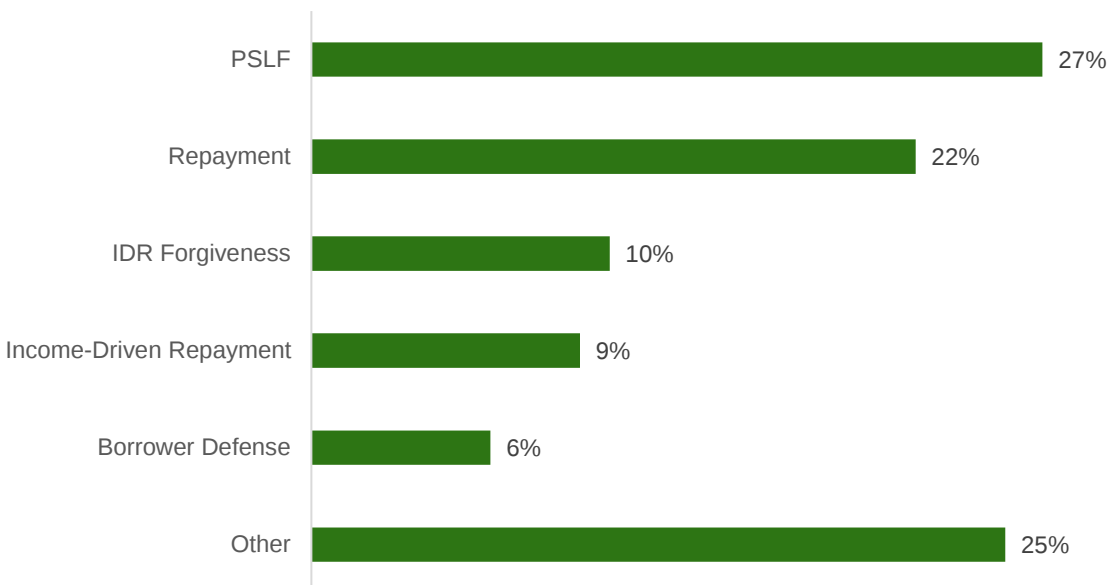
Figure 2: All Maryland Complaints Received by Stage of Federal Aid Lifecycle



- ***Servicing-Related Complaints***

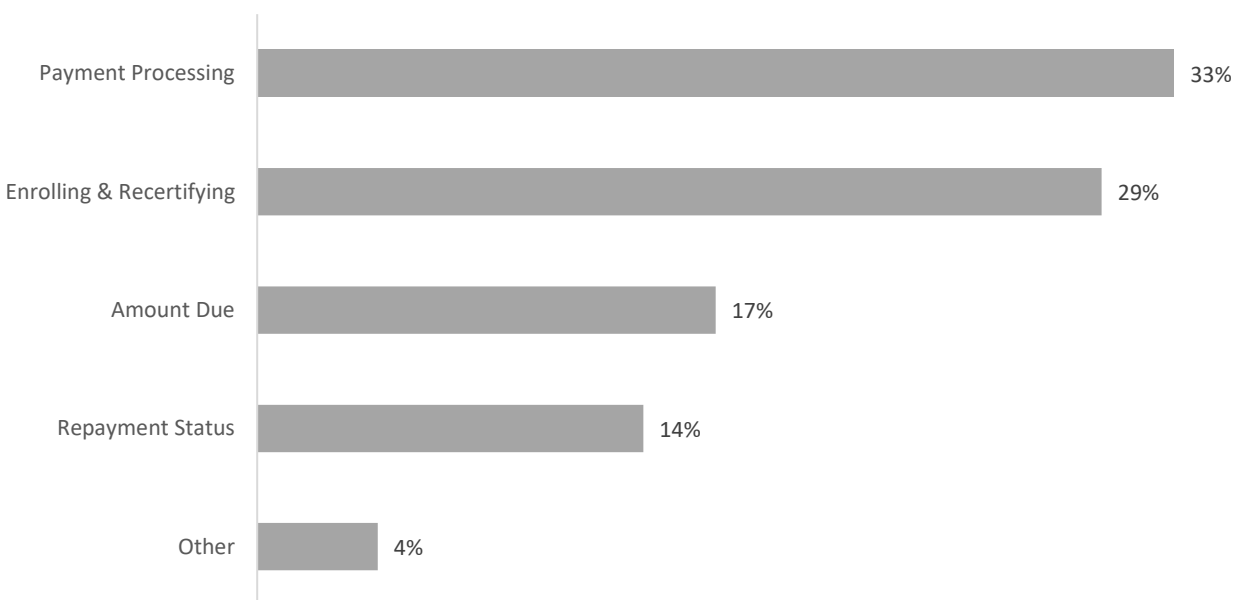
The Office of the Ombudsman review of 372 complaints related to student loans from Maryland borrowers demonstrating that they most commonly contacted FSA for assistance navigating forgiveness and discharge opportunities. Over one-quarter of the identified complaints (27 percent) concerned Public Service Loan Forgives (PSLF). Residents of Maryland were more likely to complain about PSLF than the USA overall (20 percent). Maryland borrowers also contacted FSA about general repayment issues (22 percent) and Income-Driven Repayment (9 percent). Finally, borrowers submitted complaints about IDR Forgiveness (10 percent) and expected discharges under borrower defense to repayment (6 percent).

Figure 3: Maryland Complaints About Student Loans by Topic



Following the COVID-19 payment pause, 22 million borrowers across America resumed making payments on their loans, with four million borrowers making payments for the first time. One-third of Maryland borrowers who complained about repayment issues reporting problems processing payments (33 percent), and 29 percent experienced difficulty enrolling in an IDR plan.

Figure 4: Maryland Complaints About Repayment by Subtopic



The Biden Administration launched a new IDR plan, known as the Saving on a Valuable Education (SAVE) plan. Servicers experienced backlogs processing applications for the new plan and borrowers who were eventually approved for SAVE complained about harms experienced before approval. One Maryland resident who complained to FSA about their receipt of a bill for a non-SAVE amount wrote:

I sent an application to change my payment plan to SAVE (REPAYE) back in July 14, 2023. As of November 24, 2023, I have not received any information or any progress of the application of my payment plan being processed for MOHELA. MOHELA placed an administrative forbearance on my plan back in September and it ends November 29, 2023. That means I will have to start repaying my loans in my previous payment plan and not under the SAVE plan. MOHELA is not responding to messages and the wait time for calls is hours.

Activity of the Consumer Financial Protection Bureau

The Dodd-Frank Wall Street Reform and Consumer Protection Act established a student loan ombudsman within the CFPB. The CFPB Ombudsman accepts and investigates complaints regarding federal and private student loan issues and acts as an impartial liaison between borrowers and the student loan industry.

The CFPB issues annual reports that provide greater context on federal and private student loan servicing. In the **2024 Annual Report**, the CFPB Ombudsman reported that the Bureau handled **18,277 complaints**, the highest number since tracking began in 2012. Of those complaints, **78% were federal loan-based** and **22% were private loan-based**. The total number of complaints nearly doubled compared to the previous year. The number and share of complaints about federal student loans increased compared to the previous year, while the number and share of complaints about private student loans decreased.

The **2024, 2023, 2022, and 2021 reports** can be found at the following links, respectively:

- [2024 Annual Report](#)
- [2023 Annual Report](#)
- [2022 Annual Report](#)
- [2021 Annual Report](#)

The **2024 CFPB Ombudsman’s annual report** found, as in prior years, that the majority of borrower complaints were related to difficulties dealing with their servicers. Common complaints included **receiving inaccurate loan information** and **issues with payment handling**.

The report highlighted the **top five federal student loan servicers** with the most complaints in FY2024:

- **MOHELA:** 5,701 complaints
- **Nelnet:** 3,034 complaints
- **Navient:** 2,478 complaints
- **Aidvantage (Maximus):** 1,629 complaints
- **EdFinancial:** 1,602 complaints

These complaints often reflected issues such as **mismanagement of income-driven repayment (IDR) plans**, **payment application errors**, and **delays in customer service responses**.

Private Student Loan Servicers

For private loans, the **top five servicers** receiving complaints were:

- **Sallie Mae:** 328 complaints
- **AES (American Education Services):** 234 complaints
- **Discover Student Loans:** 102 complaints
- **Transworld:** 62 complaints
- **Earnest:** 42 complaints

Private loan complaints frequently highlighted challenges with **repayment terms**, **poor customer service**, **account management errors**, and **limited flexibility for borrowers facing financial hardship**.

- Maryland-Specific Complaint Data

National complaint trends were mirrored in **Maryland**, where **449 complaints** were received from borrowers, comprising **2.3% of total nationwide complaints**. Of these, **327 complaints** (approximately 73%) were related to servicers. The **top five servicers** receiving complaints from Maryland borrowers were:

1. **MOHELA:** 187 complaints
2. **Navient Solutions, LLC:** 76 complaints
3. **Nelnet, Inc.:** 61 complaints
4. **EdFinancial Services:** 42 complaints
5. **Maximus Education:** 37 complaints

This marked an increase in complaints from Maryland residents compared to the prior year but a decrease in their proportion of total complaints nationwide.

- ***Servicing Issues Highlighted in 2024***

The CFPB Ombudsman's report identified three primary servicing issues:

1. **Payment Processing Errors:** Borrowers reported problems with payments being misapplied, unexpected amounts being withdrawn, or payments not being credited. Some also experienced billing errors while awaiting loan cancellation approval.
2. **Incorrect Payment Information:** Issues included **inaccurate billing statements, misguidance regarding IDR recertification or loan consolidation, and incomplete payment histories.** Borrowers recounted unauthorized withdrawals, reinstated balances, and other financial harms stemming from servicing errors.
3. **Customer Service "Doom Loops":** Borrowers described prolonged efforts to resolve issues, only to be referred back and forth between call centers, webpages, or government agencies without resolution. Some were unable to access account information or enroll in IDR plans, leaving them in untenable financial situations.

Maryland Activity

During its **2024 session**, the Maryland Student Loan Ombudsman reviewed bills that could impact borrowers. However, **no new legislation** with significant effects on student loan borrowers passed during the session.

The Ombudsman oversaw the full implementation of [HB0913](#) (*Financial Institutions - Student Financing Companies - Required Registration and Reporting*), which was passed in the **2023 legislative session**. The law mandates student financing companies to register with the Commissioner of Financial Regulation before offering services in Maryland and requires annual

renewal of registrations. Additionally, these companies must submit annual reports beginning **March 15, 2024**.

To assist with implementation, OFR released two advisories and conducted outreach with loan companies. The law took effect on **October 1, 2023**, and companies were required to prepare for the March 2024 reporting deadline. The [reports submitted](#) to the Ombudsman are now available on the OFR's website.

Additionally, the Ombudsman released [three documents](#) aimed at assisting borrowers working toward PSLF:

1. **A steps document**
2. **A fact sheet**
3. **A frequently asked questions document**

These resources are available to Maryland state agencies, nonprofits, and other organizations to help borrowers and staff better understand PSLF requirements. The Ombudsman also supported state agencies and nonprofits with questions regarding employment certification for PSLF.

The Ombudsman assisted borrowers navigating the end of the **Fresh Start Program** and the **On-Ramp Transition Program**, both initiated following the COVID-19 pandemic:

- The **Fresh Start Program** allowed borrowers in default to resume repayment and qualify for IDR plans, with eligibility for forgiveness programs like PSLF.
- The **On-Ramp Transition Program**, which began after the **COVID-19 payment pause** ended in October 2023, provided a one-year grace period during which missed payments would not be reported negatively on borrowers' credit scores. Payments, however, remained due, and interest continued to accrue.

The Ombudsman offers video chat appointments when helpful to borrowers. Throughout FY 2024, the Ombudsman continued to assist student loan borrowers with their inquiries and remained engaged with ED and counterparts in other states on developments regarding servicing issues, student loan account transfers, and the end of the Fresh Start program as well as the end of the On-Ramp Transition program. The Ombudsman also participated in the Commissioner's quarterly listening sessions with Maryland statewide consumer advocacy leaders to keep them apprised of student loan industry developments.

PROCEDURES FOR PROCESSING BORROWERS' COMPLAINTS AND STUDENT LOAN SERVICER DESIGNEE INFORMATION

The Ombudsman's dedicated website serves a number of functions for both [borrowers](#) and [student](#)

[loan servicers](#). Both parties can access their own dedicated pages via separate portals.

For Borrowers

- 1) **Resource Page:** Information on the Ombudsman's services and borrowers' rights.
- 2) **Direct Contact:** Borrowers can reach the Ombudsman via phone or email.
- 3) **Complaint Submission:** Borrowers may file complaints using a Student Loan Ombudsman Complaint Form, submitted online, via email, mail, or fax. Supporting documentation is required.
- 4) **Complaint Review:** The Ombudsman and Financial Examiners review all complaints, contacting servicers for investigation.
- 5) **Updates and Resolution:** Borrowers receive status updates, requests for additional information, and responses from servicers. Formal acknowledgment and findings letters are issued.

For Loan Servicers

- 1) **Resource Page:** Includes compliance information, such as informational bulletins, and guides for adhering to the Act.
- 2) **Direct Contact:** Servicers can reach the Ombudsman by phone or email.
- 3) **Designee Form Submission:** Servicers complete and submit designee forms electronically or by mail.
- 4) **Database Entry:** Submitted forms are entered into the OFR database.
- 5) **Acknowledgment:** Servicers receive email confirmation of completed filings.

STUDENT LOAN OMBUDSMAN EDUCATION AND OUTREACH

Since its establishment in 2018, the Ombudsman's office has engaged in numerous efforts to inform Maryland borrowers of their rights and responsibilities under state law and provide access to state and federal resources. Outreach to non-profit financial education service providers has also been conducted to offer training on the Ombudsman's authority and address borrowers' concerns about their experiences with student loan servicers. In addition to the PSLF Resources mentioned above, key initiatives for 2024 include:

- 1) **Guidance for Student Financing Companies:** In collaboration with the Commissioner, the Ombudsman created guidance documents and an electronic submission form to aid financing companies in complying with HB0913. The guidance and other necessary information can be found [here](#).
- 2) **Advisory on the Fresh Start and On-Ramp Transition Programs:** The Ombudsman issued advisories following the end of the COVID-19 payment pause in October 2023. These programs gave borrowers time to transition back into repayment without negative credit reporting for missed payments. The advisory can be accessed [here](#).
- 3) **Stakeholder Engagement:** The Ombudsman collaborated with nonprofit organizations, state agencies, and advocacy groups to educate borrowers. Activities included:
 - Seminars and presentations, both in-person and virtual, to promote awareness of the Ombudsman's role and services.
 - Partnerships with organizations such as the **CASH Campaign of Maryland, Maryland Legal Aid, Maryland Volunteer Lawyers Service, and Economic Action Maryland** to hear feedback and address borrowers' experiences with loan servicers.
- 4) **Listening Sessions with the Commissioner:** The Ombudsman joined the Commissioner in **quarterly listening sessions** held statewide to engage with consumer advocacy leaders and discuss financial trends. These sessions provided opportunities to explain the Ombudsman's services and authority.
- 5) **Social Media and Email Outreach:** To inform borrowers of critical updates, the Ombudsman utilized email blasts to consumer stakeholder groups and posted updates on the Maryland Department of Labor's Facebook page. Topics included:
 - Federal student loan changes
 - Extensions of loan consolidation deadlines
 - Litigation related to the SAVE plan
 - Warnings about student loan scams

The Ombudsman remains committed to continuing education and outreach to ensure borrowers stay informed about changes and resources.

Response to change announcements by the U.S. Department of Education

The Ombudsman maintains regular contact with counterparts in other states to stay informed about developments at the U.S. Department of Education (ED). These efforts include monitoring policy changes, collaborating with student loan servicers, and updating resources to help borrowers protect and manage their finances.

As the year progresses, the Ombudsman will provide timely updates and remain a valuable resource for Maryland borrowers navigating the student loan landscape.

ANALYSIS OF STUDENT LOAN INQUIRIES

Since the Ombudsman's position was established, **82 student loan servicers** have provided their designee information, and **10 private student loan servicers** are licensed as debt collectors in Maryland. This year, the Office received **49 complaints** from student loan borrowers across the state.

The return to repayment after the COVID-19 payment pause resulted in increased demand for assistance as borrowers engaged with servicers to review their payment and forgiveness options. In addition to the 49 complaints, the Office also handled **882 emails and calls** from borrowers with student loan inquiries. A significant portion of these emails and calls occurred in early 2024, spurred by Ombudsman outreach regarding loan consolidation options.

As in prior years, the nature of complaints varied. Borrowers reported issues such as:

- **Difficulties with servicers**, including challenges with forbearance, payment allocation, PSLF, disability discharge, and billing statement errors.
- **Communication barriers**, including unresponsiveness and difficulty obtaining accurate information.
- **Inappropriate collection activities.**
- **Credit reporting errors.**

One notable case involved a borrower whose servicer erroneously attempted to withdraw **\$40,000** from her bank account.

Of the **49 complaints**, **88% (43)** were directed at five major student loan servicers:

1. **Higher Education Loan Authority of Missouri (MOHELA)**: 22 complaints
2. **Nelnet Servicing, LLC**: 8 complaints
3. **Navient Solutions, LLC**: 6 complaints
4. **Maximus Education, LLC**: 4 complaints
5. **EdFinancial Services, LLC**: 2 complaints

These complaints correspond to the companies managing the majority of federal student loan debt.

RECOMMENDATIONS

Based on data collected from ED, the CFPB, and complaints from Maryland borrowers, the Ombudsman believes that additional outreach about accessing PSLF would significantly benefit Maryland borrowers. Many borrowers remain unaware or uncertain about how to qualify for PSLF or take the necessary steps to apply for forgiveness.

To address this, the Ombudsman produced [informational materials](#) for use by state and local agencies, as well as non-profit organizations, to help inform borrowers about accessing forgiveness programs. The Commission on Financial Education and Capability has recommended passage of legislation that increases borrowers' awareness of PSLF opportunities at the start of their employment and requires that they are provided with clear guidance on qualification requirements.

As part of the Ombudsman's role to help student loan borrowers understand their rights and responsibilities, the dissemination of this information would ensure borrowers are well-informed about their forgiveness and repayment options.

Additionally, data from ED, the CFPB, and Maryland complaints this year highlight issues with **inaccurate payment counts** for forgiveness programs. Many of these issues could potentially have been mitigated if borrowers had submitted annual employment certification forms and regularly reviewed their payment counts earlier in the process.

Further complicating matters, servicers are still working to address a backlog of borrower requests. For example:

- **MOHELA's platform migration** temporarily halted the PSLF process for several months.
- Changes to **consolidation deadlines** and litigation over the **SAVE Plan** added to borrower confusion and uncertainty.

As a result, many borrowers spent much of the year unsure of what steps to take to manage their loans effectively. While changes to the administration of student loans may occur in 2025, borrowers would greatly benefit from **stability at the federal level**. Financial planning becomes increasingly difficult amidst ongoing policy shifts and administrative upheaval.

STEPS FOR THE UPCOMING YEAR

The Ombudsman will continue to monitor developments at local, state, and federal levels in the coming year. Collaboration with the Office of the Attorney General will occur as needed to protect the rights of borrowers. With the new federal administration taking office in early January, 2025, the Ombudsman anticipates changes coming to the ED and the CFPB in terms of their personnel, structure, and processes and that will impact all student loan borrowers and, in particular, those borrowers working toward Income-Driven Repayment (IDR) forgiveness. The Ombudsman will work to ensure that borrowers are aware of their rights, opportunities, and obligations, as any changes roll out and will promote the Maryland Student Loan Borrower's Bill of Rights.

In previous years, the Ombudsman's Annual Reports outlined steps for improving (i) **Education and Outreach** and (ii) **Processes and Procedures**. Below are the actions taken in the past year, as well as those planned for the upcoming year.

Education and Outreach

1) Engage Maryland's Universities and Community Colleges:

- **Status:** The Ombudsman updated contact data lists to ensure outreach efforts remained current. Email and social media communications were used to inform alumni about changes to consolidation deadlines and potential scams tied to recent federal student loan forgiveness announcements. Additionally, discussions took place with schools about changes to student financing companies based on HB913 from 2023.
- **Action:** In 2025, the Ombudsman plans to deepen engagement with university and community college alumni associations to promote the Ombudsman's activities. This will include inviting members to a listening session to exchange information, discuss trends in student loans, and gather feedback on how the Ombudsman can better serve Maryland alumni.

2) Identify Strategic Stakeholders and Partners:

- **Status:** In 2024, the Ombudsman collaborated with ED and the Student Debt Crisis Center to assist borrowers with loan-related questions. Partnerships were also formed with the Maryland Department of Labor's Division of Workforce Development, the Maryland NAACP, and Maryland Legal Aid to provide presentations on changes to student loans.
- **Action:** The Ombudsman will continue seeking new opportunities for collaboration with existing and new partners. Potential partnerships with EDCAP in New York and Maryland empowerment centers are being explored to provide more training for those who work with student loan borrowers.

3) **Create a Dedicated Webpage with Interactive Educational Modules:**

- **Status:** The Ombudsman, with the assistance of OFR staff, created a dedicated webpage featuring interactive educational modules accompanying the student loan educational curriculum.
- **Action:** While the modules were reviewed, 2024 was a turbulent year with many changes to IDR options. As the PAYE plan became available again at the end of 2024, the Ombudsman plans to update these modules in 2025 to reflect recent changes made by ED, especially those related to student loan forgiveness.

4) **Collaborate with ED and Other States on Mutual Interests:**

- **Status:** The Ombudsman met regularly with ED staff to discuss borrower concerns and explore opportunities for collaboration.
- **Action:** The Maryland Ombudsman will continue collaborating with counterparts in other states and focus on addressing potential student loan scam activity and other shared interests.

Processes and Procedures

1) **Monitor and Refine Internal Processes for Improved Service Delivery:**

- **Status:** The Financial Examiners supporting the Ombudsman have completed required training for using the State Examination System (SES). The Assistant Director of the Office's Consumer Services Unit is a member of the SES Consumer Complaints Subcommittee, providing feedback on system updates and improvements.
- **Action:** The Ombudsman will explore additional technology solutions to improve internal processes and enhance the SES system in 2025. These plans are integrated into the Office's FY25 strategic plans. Additionally, new and updated resources and trainings on student loans will be made available to staff in the Consumer Services Unit in FY25.

2) **Monitor and Refer Complaints for Further Investigation:**

- **Status:** The Ombudsman will continue reviewing complaints to identify education debt relief-related issues, including potentially abusive, unfair, deceptive, or fraudulent activities. These complaints will be referred to the Commissioner of Financial Regulation for further investigation and potential civil or criminal enforcement.

- **Action:** The Ombudsman will continue to monitor complaints closely and coordinate with other Ombudsman offices in different states to share insights and strategies for addressing these issues.

Conclusion

In 2024, the Office handled **49 complaints** as well as **882 emails and calls** from borrowers with student loan inquiries. The concerns of these borrowers mirrored the concerns of borrowers who submitted complaints to FSA and the CFPB. The majority of borrowers expressed concern or frustration with servicing and that the many changes at the federal level made it difficult to plan for the future. The Office will continue to provide information to borrowers, investigate complaints, and conduct education and outreach to ensure Maryland student loan borrowers understand their rights and obligations.