



# Student Loan Ombuds Annual Report

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July 2025



**About DCBS:**

The Department of Consumer and Business Services (DCBS) is Oregon's largest consumer protection and business regulatory agency. For more information, visit <https://www.oregon.gov/dcbs/pages/index.aspx>.

**About Oregon DFR:**

The Division of Financial Regulation (DFR) protects consumers and regulates insurance, depository institutions, trust companies, securities, and consumer financial products and services, and is a division of DCBS. Visit [dfr.oregon.gov](https://dfr.oregon.gov).

**About the Student Loan Servicing Program:**

Oregon's Student Loan Servicing Program provides support for Oregonians with student loans through outreach, education, and advocacy. Visit <https://dfr.oregon.gov/help/student-loan-help/Pages/index.aspx>. We encourage borrowers who have concerns about the servicing and repayment of their student loans to contact the student loan ombuds at [dfr.bankingproducthelp@dcbs.oregon.gov](mailto:dfr.bankingproducthelp@dcbs.oregon.gov) or 888-877-4894 (toll-free).

**Additional report information:**

This report is based on data submitted to DFR through May 31, 2025.

## Acknowledgments

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# Introduction

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This annual report to the Oregon Legislature describes the activities of the student loan ombuds with recommendations for legislative changes to improve the repayment experience for Oregon's student loan borrowers. This report includes information about the outlook, trends, and effects of federal and private student loan servicing in the following sections:

- Background on student loans and student loan servicing
- Analysis of developments in the student loan space
- Policy recommendations to the legislature, including updates on previous recommendations

## Executive summary

The U.S. Department of Education (ED) under the Biden administration oversaw a record number of borrowers receiving forgiveness under the updated Public Service Loan Forgiveness

(PSLF) program, and advocated for the Saving on a Valuable Education (SAVE) plan in court. After President Donald Trump's inauguration, borrower's repayment options became more limited and executive orders – attempting to limit PSLF and eliminate ED altogether – left borrowers unsure of next steps.

Between June 1, 2024, and May 31, 2025, the student loan ombuds received 454 contacts from the public that resulted in 95 new complaints. Over the three years since the role was created, 894 calls and emails were sent to the student loan ombuds, and 205 complaints were opened against servicers. The second quarter of 2025 represents the highest volume of complaints since the program was created, with 33 complaints opened during that period.<sup>1</sup>

Currently, there are 30 entities licensed in Oregon as student loan servicers. Of these, three are new since last year's report.<sup>2</sup>

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1 Refer to Page 15 for additional complaint information.

2 Refer to Page 19 for additional licensing information.



## Background on student loans

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As of March 31, 2025, the ED student loan data center reported outstanding federal student loan debt at more than \$1.66 trillion.<sup>3</sup> This reflects a 2.5 percent increase in the total portfolio over the last 12 months.<sup>4</sup> Included in the federal student loan portfolio are Direct Loans and department-held Federal Family Education and Perkins loans. Of the 42.5 million Americans with outstanding federal student loan balances, 35 million carry debt from obtaining an undergraduate degree.<sup>5</sup> More than 9 million federal borrowers have a consolidation loan. This group is mostly made up of borrowers with older loans who consolidated to take advantage of ED loan benefits<sup>6</sup> (such as income-driven repayment (IDR) plans, and PSLF) and includes both graduate and undergraduate borrowers. Parent Plus borrowers, who took out debt on behalf of their children, represent the next largest group at 3.6 million borrowers. Grad Plus borrowers are the smallest group in number, but they owe slightly more cumulatively than the Parent Plus group.<sup>7</sup>

Forced collections on defaulted debt – including treasury offset and wage garnishment – are expected to resume after a five-year pause due to the COVID-19 pandemic. While the details of forced collections are not yet clear, ED stated it will send notices to borrowers whose IRS refunds and federal benefits, including Social Security

disability and retirement benefits, are to be offset. Around 7 million Americans are at risk of default (more than 30 days late on a payment),<sup>8</sup> and the credit reporting agency TransUnion estimates that 1 in 5 borrowers is seriously delinquent (90 days or more past due). Federal Student Aid (FSA) does not publish default information.

As of the end of March 2025 (most recent available data),<sup>9</sup> Oregon's 533,700 federal student loan borrowers cumulatively owe more than \$20 billion.<sup>10</sup> The number of federal loan borrowers in Oregon decreased for the second year in a row. Also in line with last year, most Oregon residents who have student loan debt have a balance between \$10,000 and \$40,000.<sup>11</sup> About 1,300 borrowers in Oregon have individual student loan debt balances of more than \$200,000. Oregon's borrowers range in age from younger than 24 to older than 62, however, there are more people in Oregon ages 50 to 61 who carry student loan balances than people under 24.<sup>12</sup>

While the federal loan portfolio is much larger, private student loan debt also continues to increase. There is an estimated \$136 billion nationwide in outstanding private student loan debt as of the end of 2024.<sup>13</sup> Oregon borrowers owe an estimated \$1.6 billion in private student loans.<sup>14</sup>

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3 Federal Student Aid Portfolio Summary: [Federal Student Loan Portfolio | Federal Student Aid](#)

4 Ibid

5 Ibid

6 [Student Loan Consolidation | Federal Student Aid](#)

7 Portfolio by Loan Type [Federal Student Loan Portfolio | Federal Student Aid](#)

8 Portfolio by Loan Status [Federal Student Loan Portfolio | Federal Student Aid](#)

9 [As Federal Collections Activity Resumes, More Than One in Five Federal Student Loan Borrowers With a Payment Due are Seriously Delinquent](#)

10 Portfolio by Location [Federal Student Loan Portfolio | Federal Student Aid](#)

11 Portfolio by Location and Debt Size [Federal Student Loan Portfolio | Federal Student Aid](#)

12 Portfolio by Location and Age [Federal Student Loan Portfolio | Federal Student Aid](#)

13 This estimate was calculated by subtracting the federal student loans (\$1.63 trillion) reported by ED from the Federal Reserve Board's estimate of total outstanding student loan debt (\$1.77 trillion) [Federal Reserve Board - Consumer Credit - G.19](#)

14 [Total Private Student Loan Balance by State - Student Borrower Protection Center](#)

# National trends and patterns

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Since last year's report, remaining COVID-era benefits for student loan borrowers have sunset, the one-time account adjustment has been mostly completed, and additional attempts at expanding one-time debt relief have been withdrawn. SAVE,<sup>15</sup> the IDR plan rolled out by the Biden administration, is being held up in court,<sup>16</sup> and the Trump administration has issued executive orders making potentially sweeping but still unclear changes to federal loan repayment and forgiveness rules.<sup>17</sup>

The fast pace of activity to address a variety of student loan issues at the end of Biden's term was followed closely by an attempt to reverse those actions by the new Trump administration.

## Prior borrower relief efforts

During the Biden administration and ED Secretary Miguel Cardona's leadership, the department undertook ambitious changes to the disbursement and

collection of federal student loans. As mentioned in last year's report,<sup>18</sup> changes were made to the tracking of IDR payments as they counted toward eventual forgiveness. Federal rulemaking was completed on PSLF, SAVE, and large-scale loan forgiveness. While many who had been in repayment the requisite 20 years (undergraduate borrowers) and 25 years (graduate and parent Plus borrowers)<sup>19</sup> saw forgiveness under the early rounds of IDR account adjustment, others did not.<sup>20</sup>

The history of multiple transfers and consolidations on many older student loans means that the full payment history has not always followed the loan. Most borrowers no longer have records of transactions from the early 2000s and even those who do struggle to get credit for older payments. The National Student Loan Data System (NSLDS), managed by ED,<sup>21</sup> is the ultimate record that determines eligibility for forgiveness. Servicers are expected to keep the database up to date for their borrowers, but there has not historically been enforcement or oversight around recordkeeping by federal student loan contractors. Borrowers with older loan types needed to consolidate their loans to gain access to the IDR account adjustment, and in some cases the new (consolidated) loans did not properly correspond with the repayment history of the loans they replaced.

Servicers continued to have long wait times and limited options for electronic communication. Close to the end of President Biden's time in

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15 [Federal Register: Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan \(FFEL\) Program](#)

16 [IDR Plan Court Actions: Impact on Borrowers | Federal Student Aid](#)

17 Including the March 7, 2025, EO [Restoring Public Service Loan Forgiveness – The White House](#) and the March 20, 2025, EO [Fact Sheet: President Donald J. Trump Empowers Parents, States, and Communities to Improve Education Outcomes](#)

18 [Student Loan Ombuds Annual Report July 2024](#) Page 11

19 [SBPC-IDR-Complaint-Memo-Incomplete-Payment-Histories-5.4.22.pdf](#) reflects Oregon complaint data

20 Based on consumer complaint data

21 [Payment Count Adjustments Toward Income-Driven Repayment and Public Service Loan Forgiveness Programs | Federal Student Aid](#)

office, the Oregon student loan ombuds, along with other state regulators, wrote a letter to ED advocating for the publication of the final counts of the IDR account adjustment.<sup>22</sup> Up until then, borrowers had no way to see how many months toward forgiveness the system reflected them earning. Without knowing how close to IDR forgiveness they are, borrowers do not have the tools to advocate for the forgiveness they earned. Days before the inauguration, IDR eligible months became visible on most direct loan borrower's profile on [studentaid.gov](https://studentaid.gov).<sup>23</sup>

PSLF rulemaking, completed in 2022,<sup>24</sup> simplified and clarified program rules for public servants, leading to forgiveness for more than 1 million borrowers.<sup>25</sup> The two other rulemakings completed by ED under the Biden administration were not as successful. The consensus reached during the negotiated rulemaking on proposed one-time debt relief, also known as "student loan relief plan B"<sup>26</sup> was never implemented and ultimately withdrawn by the Biden administration on Dec. 26, 2024.<sup>27</sup> Even so, by the end of his term, Cardona oversaw \$189 billion of total loan forgiveness<sup>28</sup> through executive orders and various programs created by the Higher Education Act. The third rulemaking, which created the SAVE program,<sup>29</sup> has hit many legal roadblocks.<sup>30</sup>



By the time SAVE was enjoined in August 2024,<sup>31</sup> most borrowers who were enrolled in an IDR plan were in SAVE<sup>32</sup> and all other IDR plans had sunsetted. As a result, millions of borrowers were placed in a noninterest-bearing "litigation forbearance." While interest does not accrue during the "litigation forbearance," time spent in that forbearance does not count toward eventual IDR or PSLF forgiveness.

The processing of applications to switch to another IDR plan was intermittent,<sup>33</sup> with borrowers receiving inconsistent and unclear information on available options, expected income-recertification dates, and more. For example, the following is an excerpt from a disclosure received by a borrower after applying to switch back to Income-Based Repayment (an IDR plan not being challenged in court) to continue making progress toward PSLF. This Oregon resident received the following response on Sept. 16, 2024:

22 Appendix 3, Page 26

23 [Borrowers Can Now See Their Progress Toward Being Student Debt-Free in Income-Driven Repayment Plans - Student Loan Borrowers Assistance](#)

24 [ED Fact Sheet: Charting the Path Forward for Public Service Loan Forgiveness](#)

25 [Public Service Loan Forgiveness Data | Federal Student Aid](#)

26 [The Biden Administration's Student Loan Debt Relief Rulemaking | Congress.gov | Library of Congress](#)

27 [Federal Register: Student Debt Relief Based on Hardship for the William D. Ford Federal Direct Loan Program \(Direct Loans\), the Federal Family Education Loan \(FFEL\) Program, the Federal Perkins Loan \(Perkins\) Program, and the Health Education Assistance Loan \(HEAL\) Program; Withdrawal](#)

28 White House press release, Jan. 16, 2025: [BidenHarris Administration Announces Final Student Loan Forgiveness and Borrower Assistance Actions](#)

29 [Federal Register: Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan \(FFEL\) Program](#)

30 [PART 2: The Current Impact on Borrowers of Lawsuits Challenging the SAVE Plan and the Removal of IDR Applications - Student Loan Borrowers Assistance](#)

31 ConsumerFinanceMonitor.com: [8th-circuit-save-plan-injunction-pending-appeal-ruling.pdf](#)

32 Portfolio by Repayment Plan [Federal Student Loan Portfolio | Federal Student Aid](#)

33 [IDR Plan Court Actions: Impact on Borrowers | Federal Student Aid](#)



## Confusing correspondence from a servicer to an Oregon borrower

### Repayment Schedule Change

The schedule to repay one or more of your loan(s) has changed. Please review the enclosed Repayment Schedule which includes your minimum Monthly Payment Amount, Total Number of Payments to be made, and your Due Date.

Changes such as interest rate, balance, payment amount, number of allowable months to repay, due date, repayment plan, and/or status (e.g., deferment/forbearance) may result in future Repayment Schedule changes.

### REPAYMENT SCHEDULE

Prior Principal Balance		\$131,123.19
Capitalized Interest	+	\$2,417.41
Current Principal Balance	=	\$133,540.60
Accrued Unpaid Interest	+	\$1,418.89
Amount to be Repaid	=	\$134,959.49
Interest Payable	+	\$48,891.07
Total Amount to be Repaid	=	\$183,850.56

Repayment Plan: INCOME-DRIVEN REPAYMENT (IDR)

Number of Payments	Payment Amount	Payment Start Date
2	\$484.08	02/19/25
120	\$1,524.02	04/19/25

The screenshot illustrates some of the confusing messaging borrowers have received. Although the repayment schedule identifies the repayment plan as IDR, that is not the name of a specific plan. IDR is a general term for any plan that uses borrower income and family size to determine payment obligation. Additionally, the schedule offers no explanation for why the payment would change after two payments or why the payments start in February rather than October or November.

The Unified Servicing and Data Solutions plan, discussed on Page 12 of [last year's annual report](#),<sup>34</sup> was further implemented, with ED now administering PSLF, Teacher Loan Forgiveness, and Total and Permanent Disability Discharge. While the change was intended to streamline the programs, it added additional layers of difficulty. Because specialty servicing is being completed by algorithms run by contract staff, the entity responsible for any one part of a PSLF discharge can be difficult for borrowers or regulators to

34 [Student Loan Ombuds Annual Report July 2024](#)

untangle. Even pieces of the same program are not clearly assigned to one company or agency. Servicers need to mark payments as qualifying for PSLF, while ED determines employer eligibility. Because of this distinction, borrowers report being routed from servicer to ED and back again. As a result, it can be difficult for borrowers and regulators to reach the correct entity. ED brought the processing of Total and Permanent Disability Discharge “in house” through the use of other vendors, known as business process operations (BPO) vendors, in April of 2025, demonstrating that the move to the new specialty servicing system was still underway when the Biden administration left office.

## Current state of the Department of Education

One of President Trump’s campaign promises was to dismantle the Department of Education.<sup>35</sup> On March 20, 2025, he signed an executive order to that effect.<sup>36</sup> Although the executive order did not detail the fate of the student loan program, the Trump administration has since suggested that the loan portfolio would be transferred to the Small Business Administration (SBA),<sup>37</sup> where Trump’s secretary of education, Linda McMahon, previously served as SBA administrator during his first term.<sup>38</sup> In late May, a Massachusetts District Court enjoined the executive order in a lawsuit brought by the State of New York against ED Secretary McMahon and President Trump. Judge Myong Joun’s May 22, 2025,

order noted that the “record abundantly reveals that Defendants’ true intention is to effectively dismantle the Department without an authorizing statute” and that “the Department cannot be shut down without Congress’s approval.”<sup>39</sup> As of the publication of this report, the loan portfolio and program continues to be administered by ED.

Before signing the March 20 executive order, Trump signed another executive order titled “Restoring Public Service Loan Forgiveness.”<sup>40</sup> Under the current program rules, the determination of employer eligibility is based on tax status;<sup>41</sup> however, this executive order recommends a more complex analysis to determine eligibility.<sup>42</sup> According to ED’s data as of the end of 2024, about 2.5 million people have PSLF-eligible employment. Although PSLF rulemaking was most recently completed less than three years ago, and IDR rulemaking (rules that are currently enjoined) completed more recently than that, Secretary McMahon has proposed moving forward with new PSLF and IDR rulemaking,<sup>43</sup> presumably to implement the executive orders.<sup>44</sup> Most experts agree that neither dismantling ED nor rulemaking for PSLF can be accomplished through executive order.<sup>45</sup>

Messaging around what IDR plans are available, and how best to apply for them, has been increasingly obscure since the Trump administration took office.

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35 [What Trump's Win Means for Education | TIME](#)

36 [Fact Sheet: President Donald J. Trump Empowers Parents, States, and Communities to Improve Education Outcomes](#)

37 [Trump's Proposed Student Loan Transfer To SBA: What 40 Million Borrowers Should Know](#)

38 [Linda McMahon Confirmed By Senate as SBA Administrator | U.S. Small Business Administration](#)

39 [Judge halts dismantling of Education Department, orders fired workers to be reinstated](#)

40 [Restoring Public Service Loan Forgiveness – The White House](#)

41 [Public Service Loan Forgiveness Employer Search](#)

42 Refer to Page 37

43 [Federal Register: Intent To Receive Public Feedback for the Development of Proposed Regulations and Establish Negotiated Rulemaking Committee](#)

44 [Federal Register: Intent To Receive Public Feedback for the Development of Proposed Regulations and Establish Negotiated Rulemaking Committee](#)

45 [U.S. Department of Education: What to Know After Trump's Executive Order – The New York Times](#)

## Screenshot of Federal Student Aid repayment plan simulator

As demonstrated by the above screenshot from May 20, 2025, the repayment plan simulator<sup>46</sup> recommended a plan that was not available. Since the inauguration, the online IDR application has been deactivated and reactivated.<sup>47</sup> While the website [Studentaid.gov](https://studentaid.gov)<sup>48</sup> stated that the deactivation was due to a Feb. 18, 2025, court of appeals ruling,<sup>49</sup> advocates did not interpret the 8th U.S. Circuit Court of Appeals' ruling in the same way. Persis Yu, deputy executive director for the Student Borrower Protection Center said that "[s]hutting down access to all income-

based repayment plans is not what the 8th Circuit ordered – this was a choice by the Trump Administration and a cruel one that will inflict massive pain on millions of working families."<sup>50</sup>

The Student Borrower Protection Center estimates that 104,700 Oregon student loan borrowers are enrolled in the SAVE plan.<sup>51</sup> These borrowers will presumably remain in zero percent interest forbearance until all litigation against SAVE is settled. As of May 15, 2025, ED reports an IDR backlog of nearly 2 million applications.<sup>52</sup>

46 Screenshot from April 17, 2025, version of [Output | Find the Best Repayment Strategy | Federal Student Aid](#)

47 [IDR Application is Back Up - Student Loan Borrowers Assistance](#)

48 Screenshot from Feb. 27, 2025, version of [IDR Plan Court Actions: Impact on Borrowers | Federal Student Aid](#)

49 8th U.S. Circuit Court of Appeals: [242332P.pdf](#)

50 [Trump Administration Denies Access to Affordable Repayment Plans in Extreme Response to Right-Wing Court Order - Student Borrower Protection Center](#)

51 [Our Work | Student Borrower Protection Center](#)

52 Status report for American Federation of Teachers v. U.S. Department of Education, et al. U.S. District Court for the District of Columbia: [gov.uscourts.dcd.278527.36.0.pdf](#)



Alongside ongoing program changes, ED underwent a 50 percent reduction in workforce.<sup>53</sup> The smaller staff means a smaller ombudsman office, resulting in a lack of communication between ED and state ombuds counterparts, as well as fewer staff members to respond to consumer complaints and questions. The stakeholder engagement team, which previously served as the point of contact for state ombuds, was dissolved.

Regardless of the reduction in workforce, ED

announced it would resume forced collections, including tax and benefit offset, for defaulted student loans as of May 5, 2025.<sup>54</sup> Collections on past due loan debt had been on pause since March 2020.<sup>55</sup> Details regarding collections processes, notices, or the entities involved are sparse to date. As of the publication of this report, Oregon Student Loan Ombuds Lane Thompson has not been able to access a copy of the 30-day notice ED announced<sup>56</sup> that it would send to all affected borrowers.



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53 [U.S. Department of Education Initiates Reduction in Force | U.S. Department of Education](#)

54 [U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back into Repayment | U.S. Department of Education](#)

55 Ibid

56 [U.S. Department of Education Reminds Colleges and Universities of Their Obligations to Help Struggling Borrowers | U.S. Department of Education](#)

## Oregon developments

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It was a busy and productive third year for the Oregon student loan ombuds. Ongoing changes to IDR, student loan servicer responsibilities, and policy directives from ED were the main themes. Some administrative support was allocated to the ombuds office, increasing its ability to support Oregon borrowers.

From one former complainant's email:

*"I'm reaching out to say thank you, my [\$]34k loan was discharged as of this past week. Had you not sent that letter I would have still been without the application. You helped change my life and I can't express how grateful I am for what you did."*

As the comment illustrates, servicers do not always proactively alert borrowers of what options are available to them, or how to access them. Through the hands-on complaint process, the ombuds is able to help bridge gaps and connect Oregon's borrowers with existing resources. Changes being made to already complex programs mean many of last year's trends continued.

The main topics borrowers contacted the student loan ombuds about were confirming rules and requirements, inquiring about potential program effects and changes, and to check if something was a scam. In the first category, there are a range of questions, from not knowing where to start, or if payments were due, to in-depth questions about the implications of existing rules. Many borrowers mentioned that before contacting the student loan

ombuds office, they had spent one to eight hours on hold trying to contact their servicer directly. In several cases, when the call was answered, the staff either did not know the answer or gave them information that contradicted published rules or requirements. Many servicers do not offer an email or other asynchronous electronic contact option, and most borrowers who call have questions not easily addressed by website functions.<sup>57</sup>

Because the SAVE plan has been enjoined for most of the last report year (since August 2024), confusion about forbearance types and their effect has been one of the largest concerns for borrowers. The roughly 4 million people across the country who were enrolled in SAVE at the time of the injunction have been in a noninterest-bearing forbearance status since then. According to a recent report from ED,<sup>58</sup> nearly 2 million borrowers may have applied to switch to a different IDR plan. While an application for IDR is being processed, a separate type of forbearance is applied. There is inconsistent communication from servicers about which plan or forbearance a borrower is in and why. The long delays in processing and lack of clarity regarding options available at any given time also complicates matters. Ultimately, borrowers may have been in several types of forbearance over the past year, with each type having its own implications for forgiveness and interest accrual. As the chart below illustrates, the effects of various types of forbearance are not exceedingly clear.<sup>59</sup>

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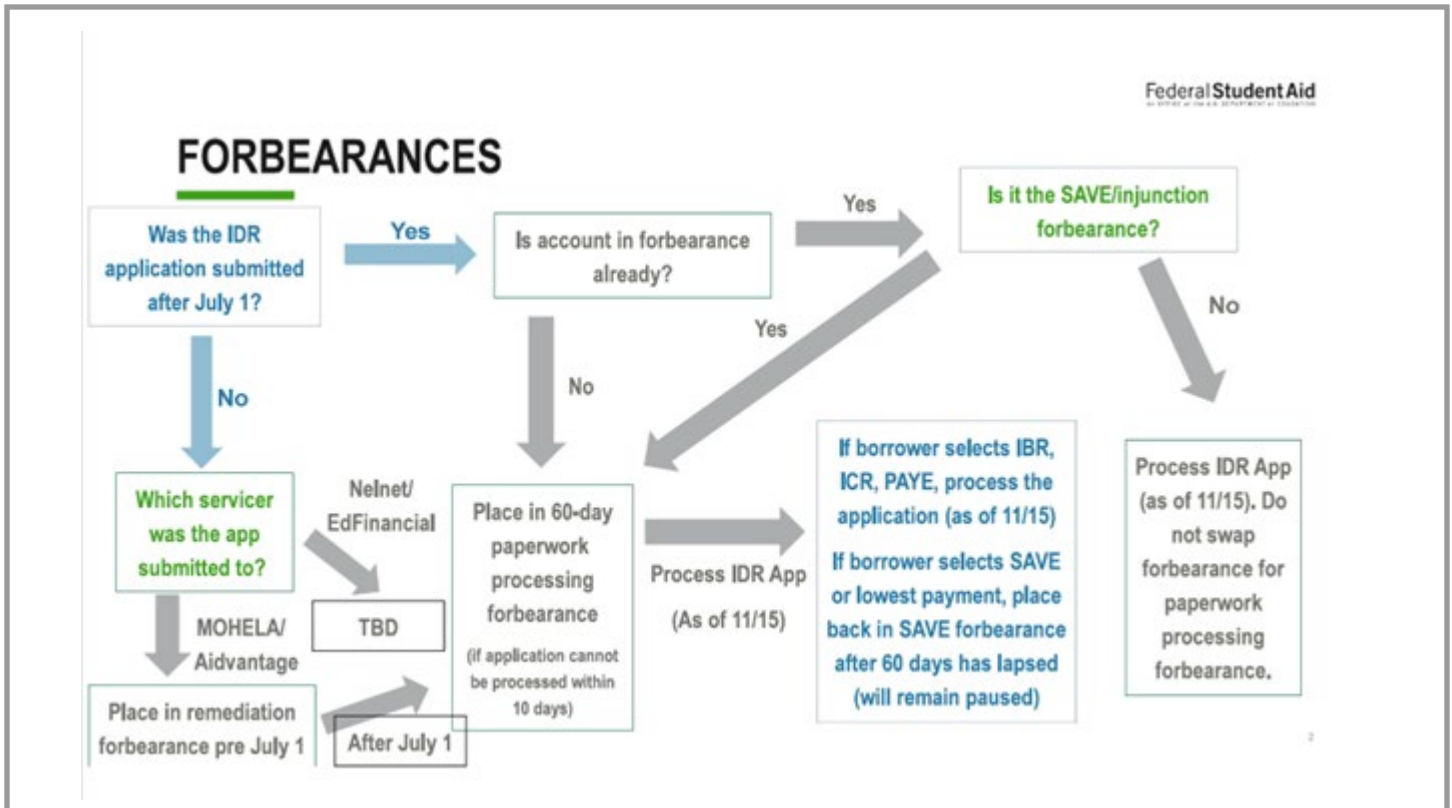
57 [CFPB Controlled Report](#)

58 Status report for American Federation of Teachers v. U.S. Department of Education, et al. U.S. District Court for the District of Columbia: [gov.uscourts.dcd.278527.36.0.pdf](https://gov.uscourts.dcd.278527.36.0.pdf)

59 Chart circulated to state ombuds in October 2024



## Forbearance chart from FSA presentation



The many forbearances have also made it difficult for borrowers, servicers, and regulators to know if an account is in the correct status at any given time. One borrower reported being placed into a standard repayment plan and billed after waiting months for their IDR application to be processed. Another recent law change, the implementation of the Joint Consolidation Loan Separation Act (JCLSA) added a new level of confusion for borrowers trying to reclaim their portion of a previously joint loan. Some borrowers reported that communication between servicers and ED regarding the processing of JCLSA applications left room for improvement. General questions about other types of loan forgiveness, mostly Public Service Loan Forgiveness, but also Total and Permanent Disability Discharge and others, continued to be a common area of interest.

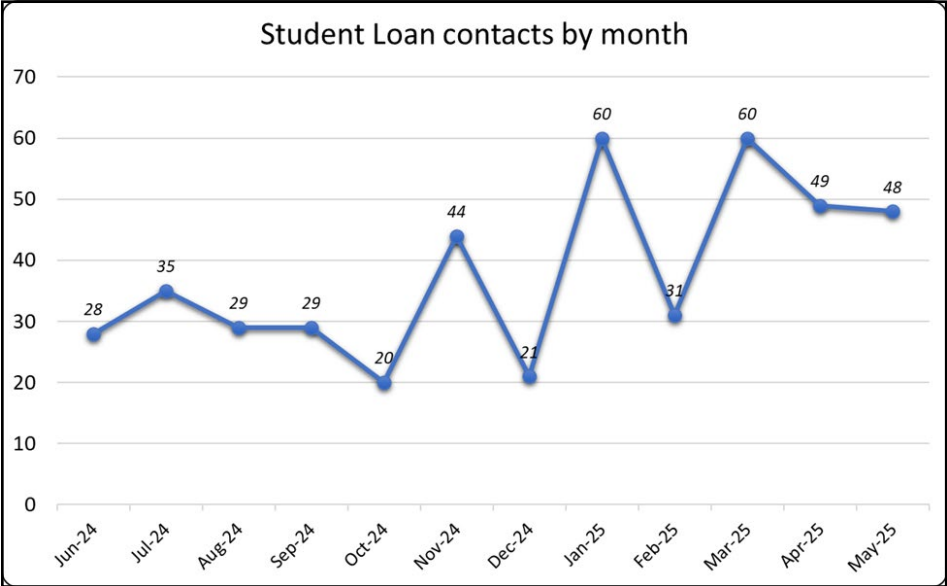
Many of the contacts received by the ombuds office were inquiring about possible changes to their servicer and payment information, how the

return to forced collections could affect them, and whether the executive orders had been implemented. Because borrowers do not feel they are receiving clear and consistent information from their servicers or ED, many contact the ombuds to verify the validity of information. This ranges from someone forwarding an email asking whether the servicer is legitimate, to asking whether the information on the studentaid.gov site, or that their servicer gave them, is currently correct. The ombuds encourages borrowers to check a license at <http://www.nmlsconsumeraccess.org> before sending payment to any student loan servicer.

In the time between June 1, 2024, and May 31, 2025, the student loan ombuds received 454 total contacts by phone and email. The highest contact months were similar to last year, but the total number of contacts increased by 35 percent,<sup>60</sup> showing more consistently high contact months.

60 [Student Loan Ombuds Annual Report July 2024](#), Page 13

Student loan contacts by month, June 2024 through May 2025



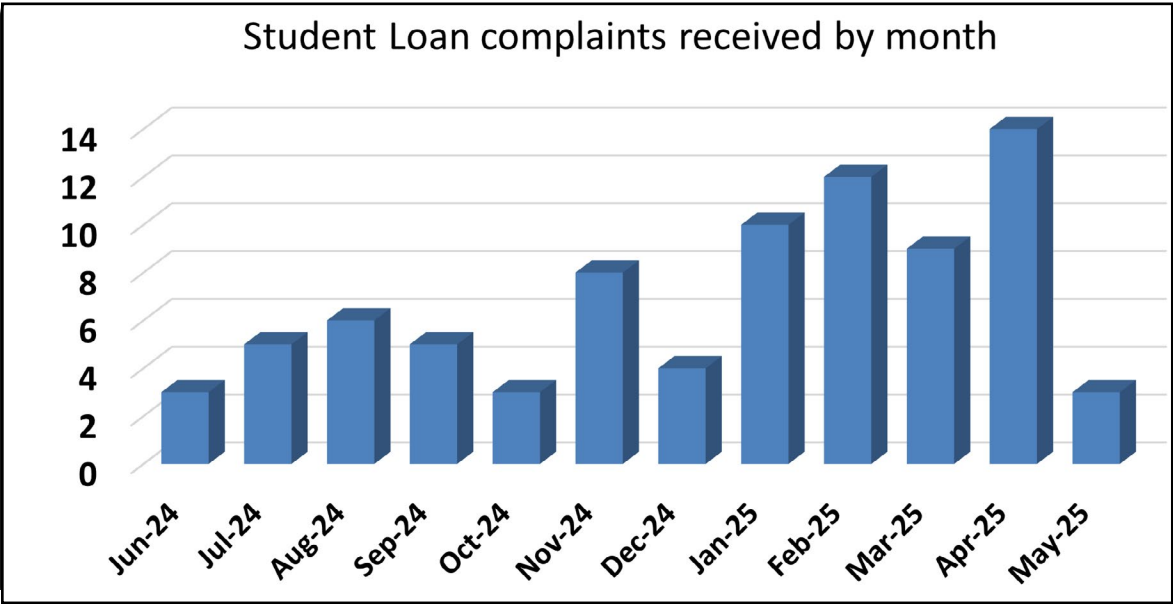
The complaints received this year share the themes of complaints received last year. Here is a hypothetical scenario demonstrating how keywords and categories interact with one another in these complaints:

Imagine a public school teacher trying to switch from their current IDR plan to a new one to avoid the SAVE litigation forbearance and continue making progress toward their eventual forgiveness under PSLF. They applied in October 2024, and have now been waiting nearly six months to

Summary of student loan complaints and patterns

Oregon DFR opened 95 new complaints against student loan servicers between June 1, 2024, and May 31, 2025. As of publication of this report, the student loan ombuds has more complaints open than at any previous time. More complaints are also being closed per month, demonstrating the ongoing increase of the student loan ombuds program productivity. Forty-four complaints had been closed this report year. Many complaints remain open due to incomplete or missing responses from servicers.

have the IDR application processed. Meanwhile, the servicer has placed them on a standard plan and reported their late payment to the credit bureaus. When the borrower calls to ask the servicer, they are told – after a long hold – that IDR applications are not being processed, so they have no other option but to make a payment or request forbearance. That borrower’s complaint may be tagged with all of these keywords: forgiveness (seeking PSLF), servicer provided wrong information (many IDR applications have been processed), forbearance steering (being



Student loan complaints received by month, June 2024 to May 2025

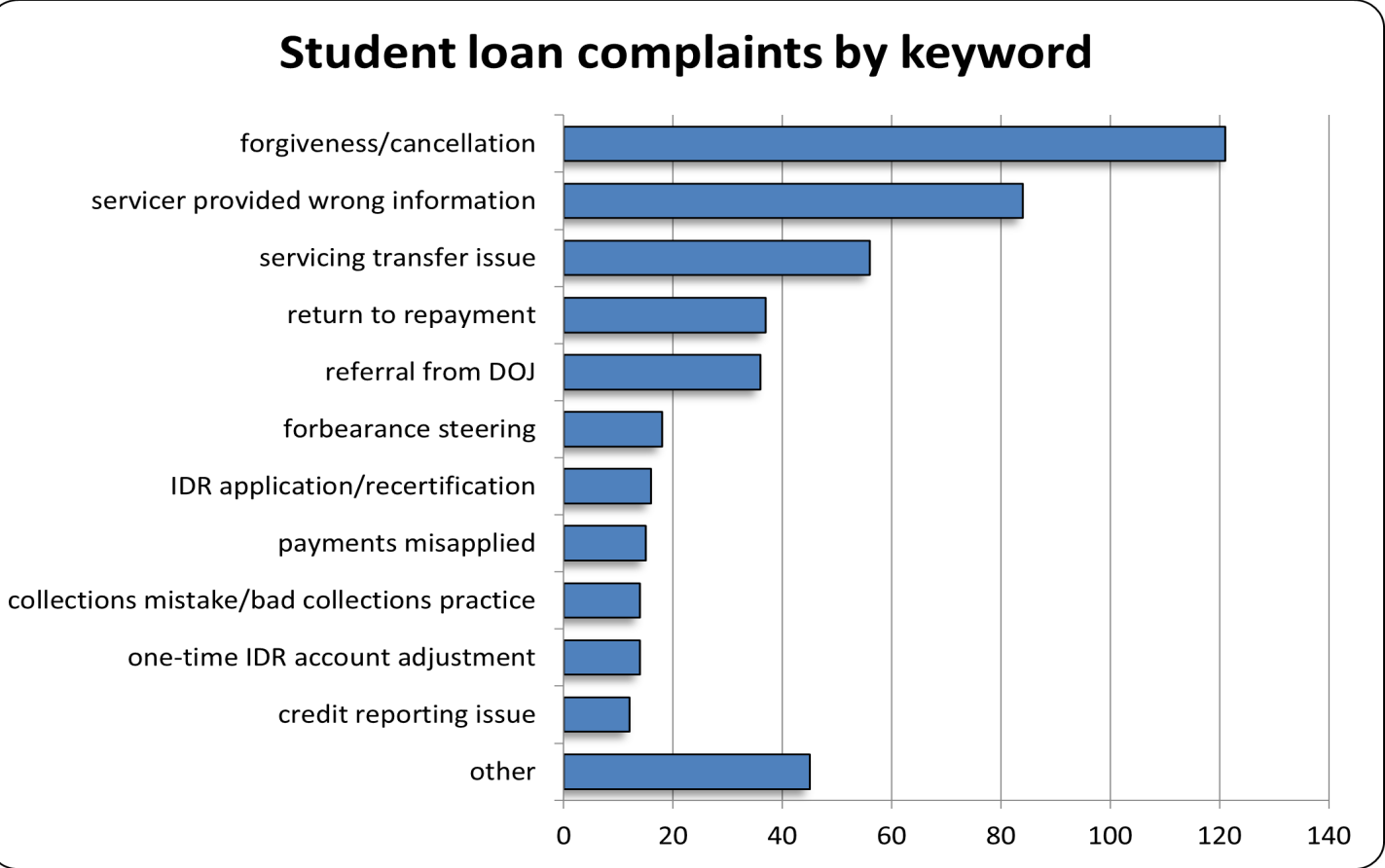
placed in forbearance when an IDR payment would have been more beneficial to the borrower), and credit reporting issue.

While that is a hypothetical example, every piece of it has appeared in a complaint made to the student loan ombuds over the past year. Borrowers’ inability to easily access human customer support from their servicer – and sometimes receiving incorrect information when they do – is at the heart of many of these complaints. The overlap and shared roots of many complaints come back to lack of information. The reason forgiveness and cancellation requests show up in complaints so often is because people who are pursuing program benefits of federal student loans end up interacting more often with ED and the servicer, and are therefore more likely to experience existing gaps in support.

The main change in theme and tenor of the complaints this year was around the SAVE litigation and IDR processing forbearances – specifically, how they were applied and tracked. Because each forbearance type comes with its own benefits and downsides, borrowers are eager to understand which they are in and why. Particularly for borrowers pursuing forgiveness under PSLF, the continued litigation forbearance and unclear guidance from servicers seems to be having an outsized effect.

While many complaints shared themes, the relatively large number of other keyword topics represented in the charts above and below also tells a story. One such topic is refunds. During the COVID-19 repayment pause, there was a time when borrowers could request that payments be sent back to them<sup>61</sup> to benefit from the pause. In addition, servicers who received more than 120

Student loan complaints by keyword chart



61 [Can I still request a refund for payments I made during the COVID-19 forbearance payment pause period? | Federal Student Aid](#)

qualifying payments toward PSLF are expected to automatically refund the excess payments,<sup>62</sup> however, refunds require a request from a servicer, approval from ED, and are ultimately produced by the U.S. Department of Treasury. As of the publication date of this report, there does not appear to be a mechanism in place to track refunds through this multipart process. One borrower’s complaint stated they had requested that their servicer supply contact information to the Treasury Department after not receiving a refund for several months, but the servicer never provided the requested information. One more observation about other reoccurring keywords is that income-driven repayment shows up for a third time as “IDR cancellation.”

Other reoccurring keywords	Count
refunds	8
identity theft	6
bankruptcy	6
IDR cancellation	5
servicer rude/unprofessional	5
ISAs/new products	4
interest capitalization	4
unlicensed servicing	3
state or federal tax offset	2
fresh start	1
benefits offset	1

It cannot be overstated how significant the IDR account adjustment, publication and removal of eligible months, and litigation against SAVE have been throughout this year’s complaints.

## Outreach and education

Oregon’s student loan ombuds started the past year’s outreach efforts by sharing the 2024 Ombuds Report with various stakeholders and outlets. In addition to presenting to a Consumer Financial Protection Bureau (CFPB) group, the ombuds was interviewed by Oregon Public Broadcasting<sup>63</sup> and the Radio News Network about the themes and takeaways from the report.

The remaining majority of webinars and presentations the ombuds participated in were for community and government groups. The Housing Authority of Jackson County invited the ombuds to take part in a series of webinars for its Family Self-Sufficiency program participants, which were completed between January and May 2025. U.S. Rep. Suzanne Bonamici asked the ombuds to participate in a webinar<sup>64</sup> about the changing nature of the student loan program in January 2025 that was attended by 500 people. Another highlight for the ombuds was presenting to the Wilsonville Rotary Club about the nuances of today’s student loan repayment situation.<sup>65</sup>

It was a busy travel year for the student loan ombuds, who hosted their first independent conference for state student loan ombuds as well as attended two other industry conferences to keep up to date on current industry trends. The state student loan ombuds’ Professional Development Series, which DFR co-hosted with the California Department of Financial Protection and Innovation, was held over two days in October 2024. Regulators from each state with a student loan ombuds or advocate were invited to share ideas, knowledge, and strategies. It was a successful event, and the group is hopeful to hold another conference in 2026.

62 [What will happen if my Public Service Loan Forgiveness \(PSLF\) application is approved? | Federal Student Aid](#)

63 [‘Confusion, shame, discomfort’ plague Oregon student loan borrowers, according to new report - OPB](#)

64 Webinar can be watched at: [Bonamici hosts Student Loan Know Your Rights Webinar with Lane Thompson and Mike Pierce](#)

65 Appendix 2, Page 25





***State student loan ombuds and advocates gather at the California Department of Financial Protection and Innovation.***

In addition to the state student loan ombuds group, Oregon's student loan ombuds continues to contribute as a technical advisor to the Oregon Financial Empowerment Advisory Team,<sup>66</sup> now under the leadership of Oregon State Treasurer Elizabeth Steiner. The Financial Empowerment Advisory Team continues to support the implementation of a financial education requirement in high schools. The ombuds supports improved financial education for young people to help them better understand their rights and responsibilities when it comes to financing higher education.

To advance the goal of getting more eligible borrowers access to PSLF, the ombuds worked with the Oregon Department of Administrative Services (DAS) to make state employees aware

of their potential eligibility. With the help of DAS staff members, the ombuds was able to post a message in Workday, the state's human resources software application, for several months in the past year.<sup>67</sup>

The final round of outreach the student loan ombuds completed this year concerned the return to collections on federal student loans announced for May 5, 2025. The student loan ombuds ran TV and radio commercials from April 1 to May 31 and took part in interviews about the return to collections on KOIN television in Portland and on Oregon Public Broadcasting's "Think Out Loud."<sup>68</sup> In addition, DFR published a few social media posts about collections and how to avoid scams.

<sup>66</sup> [Treasury: Financial Empowerment Advisory Team : Financial Empowerment : State of Oregon](#)

<sup>67</sup> Appendix 1, Page 25

<sup>68</sup> <https://www.opb.org/article/2025/04/30/what-oregon-student-loan-borrowers-should-know-as-federal-government-resumes-collections-on-defaulted-loans/>





### ***Student Loan Ombuds Lane Thompson on Oregon Public Broadcasting's "Think Out Loud"***

Not including conferences, the ombuds attended nine outreach events between June 1, 2024, and June 1, 2025. This is fewer than previous years, as the ombuds is no longer tabling at events, instead prioritizing case work and other types of outreach. Other members of DFR's outreach team were present in all 36 Oregon counties and distributed student loan ombuds brochures.

### **Summary of enforcement actions**

The student loan ombuds submitted their first referral to the DFR enforcement unit for review and potential administrative action for a servicer's ongoing failure to respond timely to its inquiries. As of this report, the investigation has not been completed.

Additionally, an income share agreement (ISA) provider was investigated for originating consumer finance loans without the necessary licensure. Under Oregon law, consumer finance loans made without the proper licensure are void. As a result of DFR's investigation, the company that purchased these void loans from the lender ceased all collection activities on the loans in early 2025, thereby canceling a \$2.1 million debt obligation for 83 Oregonians.

## **Summary of licensing and examinations**

As of June 1, 2025, there are 30 total entities licensed as student loan servicers in Oregon. Of those, eight have the federal contract designation, meaning they service federal loans. There are also 18 branches licensed. Three unique entities and six branches were added this year. Six companies, and five branches, surrendered or did not renew their licenses. Servicers are not required to include a reason for nonrenewals or surrenders.

Eleven examinations were completed on student loan servicers, with one in progress. There were findings in some of the examinations. The findings did not reach the level of enforcement action and were resolved by working with the servicers. Some examples of the findings include:

#### **Licensing:**

- Failed to obtain the required Oregon licenses.
- Failed to ensure the vendors the licensee works with hold the required licenses.
- Failed to ensure the originators of its services accounts hold the required licenses.

#### **Compliance:**

- Failed to ensure policies met Oregon statutory requirements, such as records retention and complaint response due date.
- Failed to post the Nationwide Multistate Licensing System (NMLS) identification number on its website.
- Failed to provide all information requested by the examiner (multiple requests are required).

#### **Servicing/borrower care:**

- Adjusted the interest rate on the wrong date.
- Failed to correctly calculate the interest rate during the leap year (2024).
- Call center agents provided incomplete or confusing information.

Some things the examiner saw that did not reach the level of findings included servicers not reaching out to defaulted borrowers (by phone call or email) to present the options; billing statements lacking detail; and overuse of acronyms and jargon in loan comments.

In addition to licensing and examinations, DFR published a bulletin on ISA providers stating that entities looking to originate these agreements need to be licensed as a consumer finance lender.<sup>69</sup> While most ISA providers contract with a licensed student loan servicer to manage the loans, DFR received feedback that there was a lack of clarity for funders and originators. The bulletin further clarifies existing licensure requirements for lenders.

## Looking forward

Much of the student loan ombuds work has been related to federal student loan issues. Changes to the federal program, including ongoing litigation, are likely to be a big theme for the coming year. While the lack of coordination with the federal government means that the ombuds is less able to support federal loan borrowers, there are other areas the ombuds intends to work on this year to better protect Oregon borrower's interests. First, DFR is planning to update the rules for Oregon's student loan statutes. The rule updates will aim to clarify the expectations and requirements for servicers and examiners. DFR will also work with a range of stakeholders to look into the scope and effect of institutional debt (loans made with state funds directly to students). Institutional debt can be collected by the school, private collections companies, and the Oregon Department of Revenue simultaneously, and can go back and forth from one entity to another. Institutional debt is also exempt from statutes of limitation like all funds owed to the state.<sup>70</sup>

Some of the questions the student loan ombuds hopes to research include:

- Is the financial return worth the investment for collections past the statute of limitation in Oregon (seven years)?
- How long does it take an average borrower to repay institutional debt?
- Considering the ban on transcript withholding, how do schools incentivize repayment of outstanding accounts?
- Do the unique collections mechanisms for state funds disparately affect students?



69 [Bulletin 2025-02: Companies that provide tax debt management services are required to register as debt management service providers](#)

70 [Under ORS 12.250: ORS 12.250 – Actions by state, county or public corporations](#)

# Policy recommendations

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## Recommendation No. 1: Set minimum customer service standards for student loan servicers

Many of the calls, contacts, and complaints received from student borrowers by the student loan ombuds are because borrowers experience long call wait times, dropped calls, and an overall inability to speak with their student loan servicers. Often, when borrowers are able to reach their servicers, they still feel the information they receive is incorrect or incomplete. While the federal student loan servicing contract contains performance incentives for servicers,<sup>71</sup> oversight and monitoring of student loan servicer performance does not appear to have yet reached customer service provided by student loan servicers.

Quotes from borrower complaints include:

*"I have tried contacting (servicer) multiple times, and am put on hold for over 200 minutes and do not receive call backs."*

*"Multiple attempts to contact them over months were either not successful or unhelpful at resolving my issue and they offered misleading information and confusing/false explanations."*

*"I cannot access my account and when I call to get help, they have not been able to help me and transfer me, only to be put on hold for over three hours with no option to call back. Nobody has been able to help me access my account. When I wrote them a letter, I requested a response in writing and never received a response."*

*"I called (servicer) on 1/21/2025 and waited for five hours before I was connected to a 'resolution team.'"*

Based on complaint data recorded from 2022 to 2025 (available on pages 10-12 of this report), the second most common reason borrowers file complaints against servicers is receiving wrong or incomplete information.<sup>72</sup>

In these instances, the servicer will usually apologize to the inquiring borrower, but may not change their practices for future calls. Borrowers often receive template responses from servicers containing statements like:

*"We hope (borrower) will accept our sincere apologies. We regret that (borrower) had a less than satisfactory experience during her interaction with us. We value (borrower) feedback, as we understand how important it is to offer exceptional service."*

Or

*"(Servicer) is committed to giving our customers a first-rate experience. To aid in repaying her student loans, we promise to listen, offer customized solutions to meet her specific needs and provide superior guidance as her dedicated resource expert."*

However, complaints of many hourlong wait times, being disconnected, and out-of-date information have persisted over the past three years.

Now, in addition to automated phone systems and other call deflection strategies, there is a push toward artificial intelligence (AI) chatbots being used in place of human customer service agents.<sup>73</sup> The ED's studentaid.gov website has used a chatbot since 2020.<sup>74</sup> The increased use of chatbots may exacerbate some problems. According to a 2023 report from CFPB, titled "Chatbots in Consumer Finance,"<sup>75</sup> "Chatbots

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71 [Report: New Federal Student Loan Servicing Contracts, New Promises. National Consumer Law Center.](#) February 2024. Page 12

72 Refer to pages 15-16 of this report for complete complaint data

73 [Chatbots in consumer finance | Consumer Financial Protection Bureau](#)

74 [Federal Student Aid's New Virtual Assistant Offers Model for Improved Customer Service in Government – Digital.gov](#)

75 [Chatbots in consumer finance | Consumer Financial Protection Bureau](#)

may be useful for resolving basic inquiries, but their effectiveness wanes as problems become more complex.” The report also suggests specific requirements for maximum wait times and customer service communication options that could ease stress on borrowers.

In working toward this recommendation, DFR will update rules for servicer reporting to gain a baseline understanding of current wait times and communication options available. The ombuds encourages legislators to consider adding regulations regarding how Oregonians access the financial services they do business with. Some questions to consider could include:

- **How to regulate the use of chatbots?**
  - How to address information privacy risks?
  - What are the requirements around outdated or wrong information?
  - What are subcontractors’ (e.g. tech companies) licensing obligations?
- **Is the lack of customer service options affecting borrowers’ account accessibility?**
  - Are all borrowers able to use the existing customer service options?
  - Do borrowers with varying level of technical skills have equitable access to account information?
  - Are servicers approved to use call deflection schemes, including AI software?
- **Should there be minimum standards for customer service responsiveness?**
  - What is an acceptable average wait time for borrowers (minutes or hours)?
  - What is an acceptable abandon rate?
  - Are all borrowers expected to use the website?
    - Are there viable options available to borrowers without access to the internet?

- Are there viable options available to people with various disabilities?
- Should Oregon require minimum training and staffing requirements for servicer call centers?
  - Are servicer staff members receiving the tools they need to provide the services customers expect?
    - Is managerial support sufficient?
    - How is staff performance incentivized?

**Recommendation No. 2: Research potential regulation of tuition payment plans**

Most colleges and universities offer some type of installment payment option. Traditionally, they might look like this example:

**Example of a university installment plan chart**

Type	Description	Hypothetical due dates
Three installments (monthly)	Pay your bill in three installments. Payments due every four weeks, starting two weeks before term starts.	One-third due: March 17  Balance due in two installments on April 14 and May 12
Five installments (biweekly)	Pay your bill in five installments. Payments due every two weeks, starting two weeks before term starts.	One third-due: March 17  Balance due in four installments on March 31, April 14, April 28, and May 12



An Oregon consumer inquired to the student loan ombuds about licensing requirements for the installment plans colleges and universities offer – some of which look more like loans than simply delayed payments. In certain cases, the installment agreements (sometimes referred to as enrollment agreements) include interest rates and collections options that mimic private student loans. Currently, colleges and universities have a carve out from Oregon’s student loan servicer licensing requirements. This simplifies the criteria around which schools are required to be licensed. Considering the direction that some schools are moving in, it may better serve borrowers if, upon crossing a certain threshold, postsecondary schools were required to get licensed as student loan servicers.

DFR plans to move this research forward by engaging with colleges and universities, the Oregon Higher Education Coordinating Committee staff, financial aid professional groups, and other stakeholders. Some research questions the division may explore are:

- Do payment plans cost students more than paying in full?
- Under what circumstances do students start to accrue interest on payment plans, or other accounts receivable?
- Considering the ban on transcript withholding, what other ways are collections being incentivized?

## **Updates on previous recommendations**

### **Updates to Oregon’s student loan servicing rules**

DFR plans to move forward with rulemaking in the coming year. Topics for rule changes mentioned in last year’s report include requirements for transaction histories, and acknowledgment of,

and response to, complaints. Other rulemaking topics could include changes to the financial requirements at licensure.

### **Explore requiring all PSLF-eligible employers to notify their employees**

Oregon Revised Statute (ORS) 329.756 requires educational employers to tell employees about PSLF.<sup>76</sup> There continues to be no enforcement or tracking mechanism. It would be valuable if the statute were made more robust and rules were implemented to clarify roles and responsibilities. The student loan ombuds produced an example of what this could look like by including a message in the State of Oregon’s timekeeping software, Workday.<sup>77</sup> DFR can be a resource for employers looking to support staff in this way, or for lawmakers seeking to make the notification requirements more robust.

### **Explore increasing subsidies and state support for higher education tuition and fees**

Ultimately, as long as debt is the No. 1 way middle- and low-income Americans finance their higher education, many of the issues mentioned in this report will persist. College enrollment continues to decline, with many citing the cost of college as the main factor. If the U.S. hopes to produce workers who can compete on the world stage, we need to follow the models used in other developed countries and shift the responsibility of tuition from the individual to state and federal governments. This model would be similar to how kindergarten through 12th grade is largely covered by funding from public bodies. The Oregon Opportunity Grant, Oregon Promise, and Oregon Tribal Student grants are good examples of ways the state can support higher education financing in the current system. Funding state universities directly could ultimately provide better value for taxpayers.

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76 [ORS 329.756 – Materials and assistance provided to employees who qualify for public service loan forgiveness program: calculation of work hours](#)

77 Appendix 1, Page 25 – screenshot from workday



## Conclusion

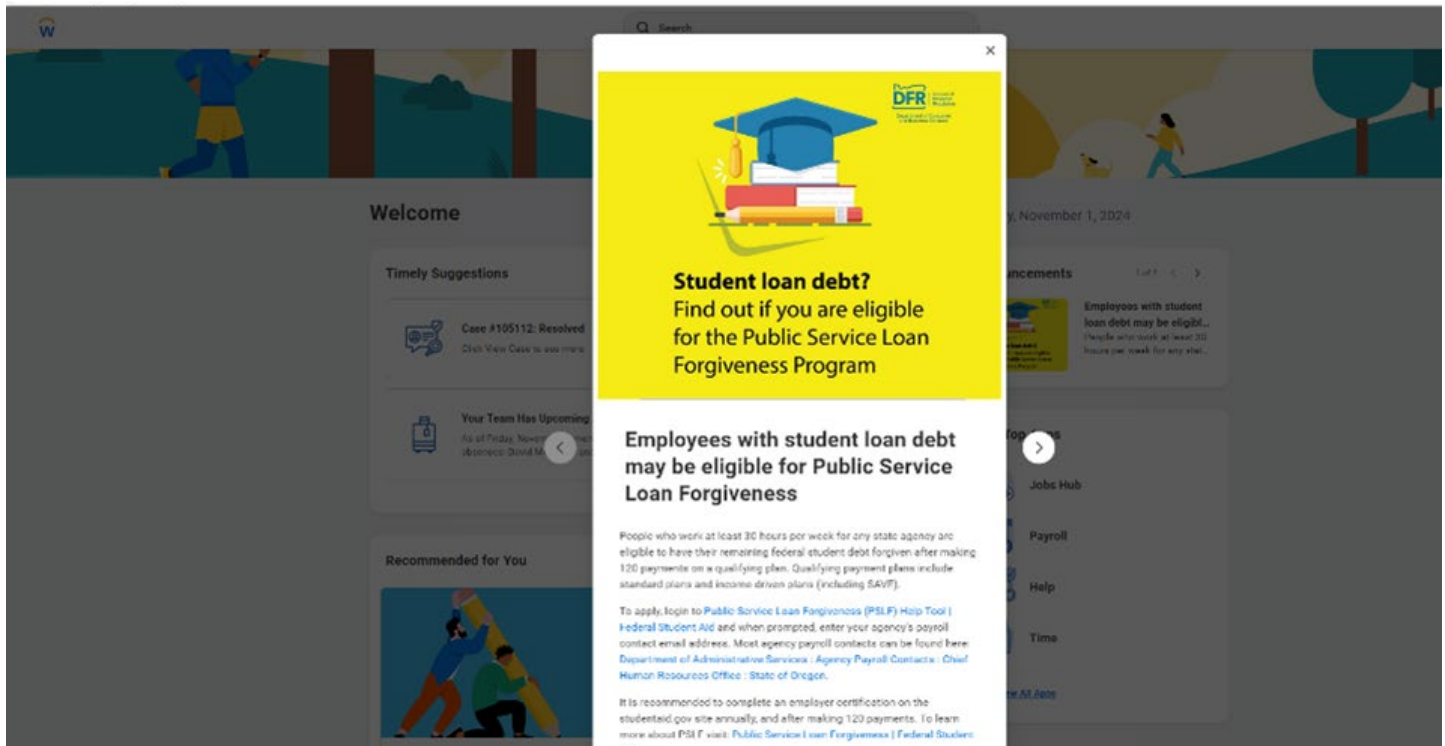
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If borrowers have felt lost during the previous year, the ombuds has been a useful guide. Regardless of their effort, the lack of communication between state and federal student loan ombuds has negatively affected borrowers' ability to access existing federal benefits. Working directly with servicers, the ombuds is able to resolve some issues for borrowers on a case-by-case basis. State advocates continue to navigate their role in a less consumer-protection-oriented federal administration. Servicer responsibilities and borrower rights are blurred by a weaker Department of Education at the federal level.

While the long-term implications of the executive orders regarding PSLF and ED have yet to be seen, the reduction in force is having ripple effects. Changes are slower to be published on the website, errors are slower to be caught, and borrowers are more likely to be rejected or overlooked for benefits for which they are eligible. As the federal administration steps back its oversight, states can and should bolster their oversight to fill the gap.

# Appendix

## PSLF Workday announcement – Appendix 1



## Photo from the Wilsonville Rotary Club presentation – Appendix 2



## Letter to ED about IDR – Appendix 3



**Oregon**  
Tina Kotek, Governor



January 2, 2025

The Honorable Miguel Cardona  
Secretary of Education

The Honorable James Kvaal  
Undersecretary of Education

U.S. Department of Education  
400 Maryland Ave., SW  
Washington, D.C. 20202

Dear Mr. Secretary and Mr. Undersecretary,

As state student loan ombuds and advocates, the undersigned support the steps the U.S. Department of Education has taken toward resolving long-standing issues with the federal student loan system – including implementing the one-time income-driven repayment (IDR) account adjustment, joint consolidation loan separation, and changes to the Public Service Loan Forgiveness (PSLF) program.

Unfortunately, not all steps of the one-time IDR account adjustment have been completed.

**Of the tasks left unfinished, we believe it is crucial that borrowers be able to see how many months they have earned toward eventual IDR forgiveness. We are advocating for the prioritization of publishing this data before the upcoming administration transition.**

First announced in April of 2022,<sup>1</sup> the one-time IDR account adjustment was expected to be completed by December 2023. One year after that estimated completion date, it has yet to be fully executed and borrowers cannot see their payment counts. While the legal challenges against the Saving on a Valuable Education (SAVE) plan have understandably added difficulty to discharges under IDR programs, we do not believe this should prevent the department from the publication of progress toward forgiveness.

We are asking that the department publish months of progress earned toward 25 years for all borrowers, as a 25-year forgiveness period is not at question in the current lawsuits.

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<sup>1</sup> “Department of Education Announces Actions to Fix Longstanding Failures in the Student Loan Programs.” U.S. Department of Education, April 26, 2022. <https://www.ed.gov/about/news/press-release/department-of-education-announces-actions-fix-longstanding-failures>.