

# CFPB Reports and Acts on Complaints about Student Loan Servicer Handling of Public Service Loan Forgiveness Program

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On June 22, 2017, the CFPB [announced](#) a series of actions based on consumer complaints it has received about the manner in which student loan servicers handle the Public Service Loan Forgiveness (“PSLF”) program.

PSLF is a federal student loan forgiveness program that provides borrowers in public service jobs, such as teachers, nurses, first responders, military servicemembers, and social workers, with a pathway for fully satisfying their loan obligations based on reduced income-driven repayment (“IDR”) plans over a 10-year period. The program is designed to encourage borrowers to pursue public service careers despite increasing levels of student loan debt, and is administered by the U.S. Department of Education. To qualify for loan forgiveness under the PSLF program, borrowers must: (1) have a qualifying federal Direct Loan; (2) be enrolled in a qualifying repayment plan, meaning an IDR plan; (3) work full-time for a qualified public service employer; and (4) make 120 on-time, qualifying payments.

First, the CFPB issued a report on federal student loan complaints about the PSLF program and related IDR plans. The report identified complaints alleging that student loan servicers:

- Did not provide borrowers with adequate or accurate information about PSLF qualifications and failed to inform borrowers that only federal Direct Loans are eligible for the PSLF program;
- Enrolled borrowers in non-qualifying repayment plans, despite borrowers expressing interest in PSLF;
- Failed to provide assistance in completing annual recertification forms showing continued eligibility based on employment by a qualified public service employer and family size;
- Increased payments under IDR plans as a result of servicer processing delays; and
- Did not inform borrowers that payments made toward PSLF would be lost if a Direct Loan is

consolidated with other loans.

The report recommended a review process for borrowers who were given inaccurate information by their student loan servicer, early servicer engagement with borrowers about IDR plans and their benefits, protection of borrowers against adverse consequences resulting from servicing delays, timely reminders from servicers about pending deadlines for submitting recertification forms, and enhanced tracking of payments and progress towards PSLF.

Second, the CFPB revised its Education Loan Examination Procedures to address supervisory expectations of student loan servicers regarding their communications and other dealings with borrowers related to loan forgiveness programs, in particular the PSLF program. Issuance of the revised examination procedures strongly suggests that, during the coming year, the CFPB will initiate supervisory and enforcement actions against federal student loan servicers based on activities that adversely impact borrowers' ability to take full advantage of the PSLF program.

Third, the CFPB launched a [consumer education campaign](#) to educate student loan borrowers working in public service about what they need to do to qualify for loan forgiveness under the PSLF program.

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National Law Review, Volume VII, Number 174

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