

Congress of the United States
Washington, DC 20515

May 27, 2020

The Honorable Betsy DeVos
Secretary of Education
US Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Dear Secretary DeVos,

We are writing regarding the approximately 4.8 million student loan borrowers whose student loan servicer erroneously and illegally reported their accounts as being in deferred status, resulting in wrongly lowered credit scores.¹ Amid a national emergency, when millions of Americans are struggling financially, borrowers affected by this illegal practice would have had their access to credit impacted at a time when they needed it most.² It is unacceptable and the Department of Education (the Department) should have ensured that it did not happen.

As you know, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) addressed this issue, specifically stating that, “any payment that has been suspended is treated as if it were a regularly scheduled payment made by a borrower.”³ Despite this clear statutory language, Great Lakes Educational Loan Services (Great Lakes) did not treat suspended student loan payments in this way. This is yet another demonstration of the Department’s inability to hold student loan servicers accountable. Last year for instance, the Department was held in contempt for violating a court order after it failed to stop collections on the student loans of Corinthian College students with pending borrower defense claims.⁴ The Department similarly attempted to blame student loan servicers for this mistake.⁵ Even when it comes to the CARES Act, the Department has

¹ See Michael Stratford, Emergency relief screw-up hits 5 million student loan borrowers, Politico (May 21, 2020) <https://www.politico.com/news/2020/05/20/emergency-relief-student-loan-272334>.

² One borrower for instance, reported that as a result of this error his credit score was badly damaged and that he “chose to abandon his home search for the remainder of the pandemic and instead will have to move into his parent’s house and place his belongings in storage.” <https://protectborrowers.org/great-lakes-equifax-transunion-and-experian-sued-for-damaging-millions-of-student-loan-borrowers-credit-mishandling-pandemic-relief/>.

³ Pub. L. 116-136 (2020). Section 3513(d)

⁴ Elissa Nadworny and Anya Kamenetz, DeVos Held in Contempt For Enforcing Loans on Defrauded College Students, NPR (Oct. 25, 2019), <https://www.npr.org/2019/10/25/773334681/devos-held-in-contempt-of-court-ed-department-fined-100-000-in-student-loan-case>.

⁵ Id. See also Tweet from Federal Student Aid COO Mark A. Brown, May 21, 2020 <https://twitter.com/MarkABrown19/status/1263614517759692801>

shown that it has struggled to follow the mandates of the law and halt the illegal wage garnishment of student loan borrowers.⁶

Accordingly, we request that the Department respond to the following by June 10, 2020.

- 1) Have all 4.8 million borrowers had their credit scores corrected? If not, please provide a timeline for when this will occur.
- 2) What guidance did you provide to Great Lakes and other student loan servicers regarding their credit reporting obligations?
- 3) It was reported that the Department has yet to make a “formal determination” as to whether Great Lakes violated the Department’s instructions.⁷ Did Great Lakes violate the Department’s instructions, and will it face any sanction or other accountability measures if such a determination is made?
- 4) What steps is the Department taking to ensure that borrowers were not damaged by this error and whether any steps are necessary to correct any problems that may have arisen as a result.

If you have any questions, please reach out to our offices. Thank you for your attention to this matter.

Sincerely,



Susan Wild
Member of Congress



Kendra S. Horn
Member of Congress



Josh Harder
Member of Congress



Suzanne Bonamici
Member of Congress

⁶ See Danielle Douglas-Gabriel, Borrowers Sue Education Secretary Betsy DeVos for Garnishing Wages After Congress Ordered Halt, Washington Post (May 1, 2020), <https://www.washingtonpost.com/education/2020/05/01/devos-lawsuit-student-loans/>.

⁷ See Michael Stratford, Emergency relief screw-up hits 5 million student loan borrowers, Politico (May 21, 2020) <https://www.politico.com/news/2020/05/20/emergency-relief-student-loan-272334>.