

Beware of Scholarship Scams



By Greg Abbott
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The price of a college education has increased drastically in recent years. Tuition, books and living expenses are at all time highs.

Naturally, parents and students have been looking for creative ways to find the financial resources to fund a college education. Unfortunately, these quests for financial assistance have given rise to opportunities for scam artists to prey on parents and students.

My office receives numerous complaints from consumers being scammed by individuals and companies selling scholarship and financial aid services. The last thing you need is to lose what money you do have in savings for college to a phony scholarship opportunity.

Most recently we received word from several consumers who each paid \$1000 to a company called the College Funding Center that promised to help find scholarship opportunities. The company went out of business and consumers received absolutely nothing for their money. The Federal Trade Commission has taken legal action against this company.

Consumers should use extreme caution when considering a company

that offers scholarship-finding services or financial aid loans. Be wary if you encounter promises like this:

- “The scholarship is guaranteed!”
- “You can’t get this information anywhere else!”
- “I need your credit card or bank account number to hold this scholarship.”

Or worst of all:
There are no guaranteed scholarships. Each year, hundreds and even thousands of students apply for the same scholarships. While you may very well be a strong candidate for a scholarship, don’t believe anyone who makes guarantees.

Claims to have special hard-to-get insider information on scholarships are usually false, too. A company may have a database or list of scholarships and grants that it has compiled. But this is information they have gathered through research, not because it has special access to information not available to other people.

A college education is too important to risk being taken advantage of by unscrupulous businesses or individuals.

Giving out personal information such as credit card or bank account numbers to unknown or questionable businesses is never a good idea. Anytime anyone asks for sensitive financial information, you should remember that in this day and age, identity crime is a constant threat.

Some companies may offer financial aid loans for a fee paid in advance. The fee may range from hundreds to thousands of dollars. If someone guarantees or strongly suggests that they can get a loan or credit for you, it's against the law for them to request or accept payment until you actually get the loan or credit.

Be aware that there are entirely bogus companies that will collect a fee up front and then simply abscond with your money. Legitimate lenders never guarantee or say that you are likely to get a loan or credit card before reviewing your application.

If you attend a seminar on scholarships or financial aid, take your time and don’t fall for high pressure sales tactics. Research the company and thoroughly investigate “success stories.” Contact an actual former customer if possible. Don’t purchase from anyone who is reluctant to answer questions. Ask how much money will be charged for the service and ask about refunds.

POINTS TO REMEMBER

SCHOLARSHIPS & FINANCIAL AID

Beware of any scholarship loan or financial aid company that:

- Guarantees a scholarship
- Tries to charge an advance fee
- Asks for your credit card or bank account number

For information and assistance:

College Parents of America
www.collegeparents.org
(888) 256-4627

To find out if a business is registered:

The Office of the Secretary of State
www.sos.state.tx.us
(512) 463-5555

To research or file a complaint:

The Office of the Attorney General
www.oag.state.tx.us
(800) 252-8011

File a consumer complaint:

The Federal Trade Commission
www.ftc.gov
(877) 382-4357



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Information on this and other topics is available on the Attorney General's Web site at www.oag.state.tx.us.