



**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION
INDUSTRY ADVISORY**



May 18, 2020

**Student Loan Servicers and Credit Reporting Agency Registrants:
*Furnishing of Inaccurate Student Loan Information during COVID-19***

It has come to the attention of the Office of the Commissioner of Financial Regulation (“OCFR”) that a student loan servicer of a significant population of federal student loan debt has failed to accurately furnish information regarding relief afforded student loan borrowers under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). OCFR is issuing this Advisory to ensure that student loan servicers are aware of their responsibility under both Maryland and federal law to accurately, and in accordance with law, report student loan payment experience to credit reporting agencies.

The President of the United States signed the CARES Act on March 27, 2020, which, in part, directed the Secretary of Education to suspend student loan interest charges, suspend monthly payments and immediately halt collection activity for the tens of millions of borrowers who owe federal student loans owned by the federal government. As part of this new law and while the suspension of said payments are in place, the Secretary “shall ensure that, for the purpose of reporting information about the loan to a consumer reporting agency, any payment that has been suspended is treated as if it were a regularly scheduled payment made by a borrower.” Servicers should have modified their procedures to ensure that they do not report loans subject to deferral as being delinquent. In the particular case, OCFR and the Maryland Office of the Attorney General have been in communication with the servicer and the credit reporting agencies. OCFR expects that servicers will report loans in accordance with law and it is OCFR’s understanding that the servicer in question is seeking to fix the issue, however, it is unclear when such a fix will be completely accomplished.

Student loan servicers should note that pursuant to the Maryland Student Loan Servicing Bill of Rights enacted in 2019, they face potential liability for violation of Maryland law. That law, among other things, makes it a violation of Maryland law for a servicer to “knowingly or recklessly provide inaccurate information to a consumer reporting agency, or refuse to correct inaccurate information provided to a consumer reporting agency.” Further, any such violation of this provision should be immediately and expeditiously corrected so as to limit the harm caused to Maryland consumers.

Credit reporting agencies, when aware of the furnishing of inaccurate information (especially in the face of a systemic error that could harm Maryland consumers), should take immediate action to limit the harm to consumers and to correct the inaccurate information furnished to them. Such action could include, but is not limited to, suppressing all impacted trade lines until such trade line is corrected.

Questions regarding this advisory may be directed to Sean McEvoy, Student Loan Ombudsman, via e-mail at sean.mcevoy@maryland.gov, or by telephone at 410-230-6185.



Office of the Commissioner of Financial Regulation