

How to Avoid Financial Aid Scams

Should you pay for a scholarship search?

Carolyn Lindley, University Director of Financial Aid, Northwestern University
Get advice on why you should choose scholarship search services carefully.

[Video Transcript](#)

The government, colleges and other organizations offer students money to help pay for college costs. Applying for this financial aid can require a lot of paperwork, so it may sound tempting if someone offers to help you with this process. Be careful, though. Dishonest people sometimes try to take advantage of students and families who are looking for aid.

The following advice will help you to avoid wasting money on unnecessary services and to recognize a scam.

Consultants charge for advice you can get for free.

Think Before You Hire Consultants

Families who feel uncomfortable with the financial aid process may turn to consultants for help. Many of these consultants offer legitimate services. Even so, hiring a consultant is usually not a good idea.

Here's why:

- Free advice is available. Consultants charge a fee for advice you can get for free from high school counselors and college financial aid officers.

- Consultants may not get you more money. It's unlikely that a consultant can get you more financial aid than you can get yourself. Financial aid officers make decisions based on formulas, and consultants cannot change the numbers for your family.

- Some advice is bad. Untrustworthy consultants might suggest moving money around or buying something expensive so it looks like you have less cash. Financial aid officers spot these types of tricks easily. If they suspect you of being dishonest, they might reject your financial aid application.

- Some consulting services are scams. Some of these services make misleading promises and false guarantees in order to get your money or financial information.

Protect Your Personal Information

Your personal information includes things like your birthday, social security number, bank-account information and credit card number. It is important to keep this information private to make sure your money and your identity stay safe. Never give out your personal information to someone who contacts you by phone or email with a financial aid offer.

Below are two scams to look out for.

Scam Grant Offers

Many students receive calls or emails from individuals who claim to be from the U.S. Department of Education. These people offer to replace their student loans with grants — money that doesn't have to be paid back. They will ask for your bank account number to charge a processing fee, and that's how you know it's a scam. The federal government does not charge a processing fee for student loans and grants.

Identity Theft

Identity thieves — people who pretend to be others to get away with committing crimes — may pose as government, bank or business representatives to get access to information about you. So don't give out personal information unless you're sure of whom you're dealing with. If you believe you have mistakenly provided personal information to an identity thief, inform the [Office of the Inspector General](#) at the U.S.