

# Scholarship and Financial Aid Scams

Need money for college? Doesn't everybody? With tuition bills skyrocketing, and room and board going through the roof, students and their families are looking for creative ways to finance a college education. Unfortunately, in their efforts to pay the bills, many of them are falling prey to scholarship and financial aid scams.

According to the Federal Trade Commission (FTC), the nation's consumer protection agency, unscrupulous companies guarantee or promise scholarships, grants or fantastic financial aid packages. Many use high pressure sales pitches at seminars where you're required to pay immediately or risk losing out on the "opportunity."

Some unscrupulous companies guarantee that they can get scholarships on behalf of students or award them "scholarships" in exchange for an advance fee. Most offer a "money back guarantee" – but attach conditions that make it impossible to get the refund. Others provide nothing for the student's advance fee – not even a list of potential sources; still others tell students they've been selected as "finalists" for awards that require an up-front fee. Sometimes, these companies ask for a student's checking account to "confirm eligibility," then debit the account without the student's consent. Other companies quote only a relatively small "monthly" or "weekly" fee and then ask for authorization to debit your checking account – for an undetermined length of time.

Other companies claim they have programs that could make you eligible to receive financial aid, including grants, loans, work-study and other types of aid. For a processing fee, they'll handle all the paperwork. But experts caution: The only application that will determine eligibility for all programs is the [Free Application for Federal Student Aid \(FAFSA\)](#) – a form you can complete and submit for free.

The FTC cautions students to look and listen for these tell-tale lines:

- The scholarship is guaranteed or your money back."
- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "We'll do all the work. You just pay a processing fee."
- "The scholarship will cost some money."
- "You've been selected" by a "national foundation" to receive a scholarship – or "You're a finalist" in a contest you never entered.

If you attend a seminar on financial aid or scholarships, follow these steps:

- Take your time. Don't be rushed into paying at the seminar. Avoid high-pressure sales pitches that require you to buy now or risk losing out on the opportunity. Solid opportunities are not sold through nerve-racking tactics.
- Investigate the organization you're considering paying for help. Talk to a guidance counselor or financial aid advisor before spending your money. You may be able to get the same help for free.
- Be wary of "success stories" or testimonials of extraordinary success – the seminar operation may have paid "shills" to give glowing stories. Instead, ask for a list of at least three local families who've used the services in the last year. Ask each if they're satisfied with the products and services received.
- Be cautious about purchasing from seminar representatives who are reluctant to answer questions or who give evasive answers to your questions. Legitimate business people are more than willing to give you information about their service.