



Contact us (855) 411-2372

Search
[HOME](#) [INSIDE THE CFPB](#) [GET ASSISTANCE](#) [PARTICIPATE](#) [LAW & REGULATION](#) [SUBMIT A COMPLAINT](#)
[HOME > NEWSROOM](#)[> CFPB TAKES ACTION AGAINST STUDENT FINANCIAL AID SERVICES, INC. FOR ILLEGAL RECURRING BILLING SCHEME](#)

JUL 23 2015

CFPB Takes Action Against Student Financial Aid Services, Inc. for Illegal Recurring Billing Scheme



Receive press releases by email

Email address

More Information On

Company to Pay \$5.2 Million For Illegally Billing Over 100,000 Consumers

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau filed a complaint and proposed consent order in federal court against Student Financial Aid Services, Inc. for illegal sales and billing practices. The Bureau alleges that the company, which until recently operated FAFSA.com, lured in consumers with misleading information about the total cost of its subscription financial services and hit them with undisclosed and unauthorized automatic recurring charges. Under the proposed order, the company would halt illegal practices and pay \$5.2 million, which would be distributed by the Bureau to harmed consumers.

“Student Financial Aid Services, Inc. made millions of dollars at the expense of consumers through its illegal recurring payment scheme,” said CFPB Director Richard Cordray. “Our enforcement action will put money back in the pockets of consumers who were misled while seeking to access federal student aid.”

Student Financial Aid Services, Inc. (SFAS) is based in Sacramento, California. The company has operated websites, including FAFSA.com and SFAS.com, and related call centers, where it offers fee-based assistance to consumers filling out the federal government’s Free Application for Federal Student Aid (FAFSA). These websites were not at that time affiliated with the federal government’s FAFSA program.

According to the Bureau’s complaint, when consumers entered their payment information for certain financial advisory services, the company began to bill them for an annual subscription without the consumers’ knowledge or consent. These recurring charges typically ranged from \$67 to \$85 each year and were renewed annually. The company enrolled consumers in these annual subscriptions without adequate disclosures and imposed recurring fees without consumers’ authorization.

The Bureau’s complaint alleges that Student Financial Aid Services, Inc. violated the Dodd-Frank Wall Street Reform and Consumer Protection Act’s prohibitions against unfair and deceptive acts and practices by misleading consumers about the recurring charges. The company violated the Electronic Fund Transfer Act by failing to get appropriate authorization for future electronic withdrawals from consumer accounts. Student Financial Aid Services, Inc. also allegedly engaged in deceptive telemarketing practices in violation of the Telemarketing Sales Rule. Specifically, the CFPB alleges that Student Financial Aid Services, Inc.:

- **Misled consumers using deceptive sales tactics:** According to the CFPB complaint, the company engaged in illegal sales tactics through its websites, FAFSA.com and SFAS.com, and through its call center representatives. The

Need our logo? You can find it [here](#).

Photos and bios



[Director Rich
Cordray](#)



[Deputy Director
Steven
Antonakes](#)

Press contacts

Jen Howard

Assistant Director of Communications

(202) 435-7170

Jennifer.Howard@cfpb.gov

Walter Suskind

Press Assistant

(202) 435-9469

Walter.Suskind@cfpb.gov

David Mayorga

Spokesperson

(202) 435-7159

David.Mayorga@cfpb.gov

company advertised certain service plans as an “upgrade” at “no additional cost.” In reality, consumers who signed up for those services were charged automatically each year, typically \$67 to \$85 per year.

- **Enrolled consumers in an unlawful recurring payments scheme:** The CFPB alleges that Student Financial Aid Services, Inc. illegally enrolled customers in automatic recurring charges without their knowledge or consent. Thousands of consumers were victimized by these unlawful practices. The company also failed to explain the amounts and dates of those future charges, or how consumers could avoid those charges.
- **Charged consumers without their authorization:** The CFPB alleges that the company made recurring charges to consumer accounts without obtaining the legally required consumer authorization and without providing a copy of that authorization to consumers, as required by law.

Enforcement Action

Pursuant to the Dodd-Frank Act, the CFPB has the authority to take action against institutions or individuals engaging in unfair, deceptive, or abusive acts or practices. It also has the authority to take action against institutions or individuals that otherwise violate federal consumer financial laws. Under the terms of the proposed consent order filed today, Student Financial Aid Services, Inc. would be required to:

- **Pay \$5.2 million in consumer relief:** Student Financial Aid Services, Inc. would pay \$5.2 million to the Bureau. The funds would be used to repay consumers who were allegedly illegally charged for unauthorized, recurring service fees.
- **End illegal sales and billing practices:** Student Financial Aid Services, Inc. would be required to cancel all recurring, automatic charges. The company would also be prohibited from misrepresenting the cost or price of its products or services.
- **Pay civil money penalty:** The company would also be required to pay a civil penalty of \$1 to the CFPB’s Civil Penalty Fund. The Bureau is not seeking a larger penalty because of the company’s limited financial resources after repaying harmed consumers. By requiring the company to pay a \$1 penalty, victims of the company’s illegal practices may be eligible for additional relief from the CFPB Civil Penalty Fund in the future, although that determination has not yet been made.

A copy of the complaint can be found at:

http://files.consumerfinance.gov/f/201507_cfpb_complaint-student-financial-aid-services-inc.pdf 

A copy of the proposed consent order can be found at:

http://files.consumerfinance.gov/f/201507_cfpb_proposed-consent-judgment-student-financial-aid-services-inc.pdf 

The proposed stipulated judgment is not a finding or ruling that the company has actually violated the law. It has been filed with the U.S. District Court for the Eastern District of California, and is only effective if it is approved by the presiding judge.

Website Transfer

On July 13, 2015 the company announced its intention to transfer the website FAFSA.com to the U.S. Department of Education.

Moira Vahey
Spokesperson
(202) 435-9151
Moira.Vahey@cfpb.gov

Sam Gilford
Spokesperson
(202) 435-7673
Samuel.Gilford@cfpb.gov

Stay connected



[Twitter](#)



[Facebook](#)



[Flickr](#)



[Youtube](#)

Archive

▼ 2015

[JULY 2015](#) (20)

[JUNE 2015](#) (17)

[MAY 2015](#) (19)

[APRIL 2015](#) (19)

[MARCH 2015](#) (13)

[FEBRUARY 2015](#) (14)

[JANUARY 2015](#) (12)

► 2014

► 2013

► 2012

► 2011

► 2010

“Students and families applying for federal student aid shouldn’t have any confusion about whether they’re on the official FAFSA website or a commercial website,” said United States Secretary of Education Arne Duncan. “This transfer will help provide clarity for parents and students.”

“I applaud the Department of Education’s recent announcement to take over this website domain name,” said CFPB Director Cordray. “Both agencies’ actions will benefit consumers seeking information to advance and finance their educations.”

The U.S. Department of Education manages the federal government’s Free Application for Federal Student Aid program. Consumers can learn about their options for filing the FAFSA form at the U.S. Department of Education’s website <https://fafsa.ed.gov/>.

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.



[Privacy policy and legal notices](#)

[Accessibility](#)

[Plain writing](#)

[No FEAR Act](#)

[FOIA](#)

[Whistleblower Act](#)

[USA.gov](#)

[Office of Inspector General](#)

[Ombudsman](#)



Visite nuestro sitio web en español



[Contact us](#)

[Newsroom](#)

[Jobs](#)

[Open government](#)