

 Press Release

Consumer Financial Protection Bureau Takes Action Against Bridgepoint Education, Inc. for Illegal Student Lending Practices

CFPB Orders Full Relief and Refunds for All Private Loans Made by the School

SEP 12, 2016

Washington, D.C. – The Consumer Financial Protection Bureau (CFPB) today took action against for-profit college chain Bridgepoint Education, Inc. for deceiving students into taking out private student loans that cost more than advertised. The Bureau is ordering Bridgepoint to discharge all outstanding private loans the institution made to its students and to refund loan payments already made by borrowers. Loan forgiveness and refunds will total over \$23.5 million in automatic consumer relief. Bridgepoint must also pay an \$8 million civil penalty to the Bureau.

"Bridgepoint deceived its students into taking out loans that cost more than advertised, and so we are ordering full relief of all loans made by the school," said CFPB Director Richard Cordray. "Together with our state partners, we will continue to be vigilant in rooting out illegal practices facing student borrowers in the for-profit space."

The CFPB's order can be found at:

http://files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsentOrder.pdf

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Bridgepoint Education, Inc. is a for-profit, post-secondary education company based in San Diego, Calif. that does business as Ashford University and the University of the Rockies. Over the past several years, the two for-profit colleges have enrolled hundreds of thousands of students, most of whom take courses online.

According to the CFPB order, from 2009 until recently, Bridgepoint offered private student loans to its students to help cover the cost of tuition. The Bureau found that the school deceived its students about the total cost of the loans by telling students the wrong monthly repayment amount. As a result, students at Bridgepoint were deceived into taking out loans without knowing the true cost, and were obligated to make payments greater than what they were promised. Specifically, the CFPB found that Bridgepoint told students that borrowers normally paid off loans made by the school with monthly payments of as little as \$25, an amount that was not realistic.

Enforcement Action

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has the authority to take action against institutions violating consumer financial laws, including engaging in unfair, deceptive, or abusive acts or practices. To address these violations, the CFPB's consent order requires Bridgepoint to:

- **Provide \$23.5 million in relief and refunds to consumers:** Bridgepoint must refund all payments made by students toward private student loans taken out from the school, including principal and interest, a total of about \$5 million. Bridgepoint must also discharge all outstanding debt for its institutional student loans, a total of approximately \$18.5 million. Student borrowers eligible for relief are not required to take any action.
- **Make the cost of college clear with mandatory financial aid shopping tool:** Bridgepoint must require all entering students, and current students who start different

programs, to use a newly created financial aid disclosure tool when they borrow money to pay for school. Students will use the new tool to access personalized financial aid offer information as well as information about graduation and loan default rates, potential salaries for their programs, and post-graduation budgeting. Bridgepoint must require that students use the tool to access this important information before enrolling. The school will be responsible for generating a personalized interactive disclosure for each student. An example of what students will see when they access the tool is available [here](#).

- **Halt illegal practices:** Bridgepoint is prohibited from making false, deceptive, or misleading statements regarding actual or typical monthly payments students are obligated to make in connection with its private student loan program.
- **Remove negative loan information from borrowers' credit reports:** Bridgepoint must remove from borrowers' credit reports any negative information about outstanding private student loan debt owed to the school. Bridgepoint must also stop reporting information to debt collectors and credit reporting companies about private student loan debt unless it is necessary to remove negative information on a consumer credit report.
- **Pay an \$8 million penalty:** Bridgepoint must pay an \$8 million penalty payment to the CFPB's Civil Penalty Fund.

The CFPB's investigation was assisted by the California Attorney General and the Department of Education.

The CFPB estimates that there is approximately \$1.3 trillion in outstanding student loan debt, with more than 8 million Americans in default on more than \$110 billion in balances. Students and their families can find help on how to tackle their student debt on the [CFPB's website](#). The new financial aid shopping tool Bridgepoint Education, Inc. must provide to students was developed by the CFPB and builds on the agency's [Paying for College](#) tools that aim to help consumers find the student loan option that best fits their needs.

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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.

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