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FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

Online Student Loan Refinance Company SoFi Settles FTC Charges, Agrees to Stop Making False Claims About Loan Refinancing Savings

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FOR RELEASE

October 29, 2018

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Online student loan refiner SoFi has agreed to stop misrepresenting how much money student loan borrowers have saved or will save from refinancing their loans with the company, in order to settle Federal Trade Commission charges that it deceptively advertised inflated figures for more than two years.

In a complaint against Social Finance, Inc. and subsidiary SoFi Lending Corp., the FTC alleged that since at least April 2016, they made prominent false statements about loan refinancing savings in television, print, and Internet advertisements.

“Student loan debt is a huge problem facing students and graduates across the country,” said FTC Chairman Joe Simons. “Lenders who offer refinancing options must be upfront with students about savings. They cannot make deceptive claims and bury the truth in fine print.”

According to the FTC, one online SoFi ad claimed, “Refinancing student loans saves \$22,359 on average,” while another ad told readers to “Start saving on your student loans. Average monthly savings \$292.”

The FTC alleges that the average savings SoFi touted in its ads inflated the actual average savings – sometimes even doubling it – by excluding large categories of consumers.

For example, when making lifetime savings claims, SoFi excluded borrowers whose loans have a longer term than the previous student loans those consumers refinanced. Those borrowers therefore would usually end up paying more money – thousands of dollars more, on average – over the lifetime of the loans, the FTC alleged. When SoFi did disclose these exclusions, the disclosures were often buried in fine print.

In addition to misleading advertising, SoFi also misrepresented when consumers would actually pay more under certain refinancing plans. Consumers who visited SoFi's website and were pre-approved for a loan were often directed to a webpage that displayed the loan options for which they prequalified. The complaint alleges that the web page misrepresented loan options for which consumers would pay more on a monthly basis or over the lifetime of the loan – by falsely stating that consumers' lifetime or monthly savings would be "0.00."

The FTC alleges that the deceptive claims made by SoFi violate the FTC Act.

As part of the proposed settlement with the FTC, SoFi is prohibited from misrepresenting to consumers how much money consumers will save or have saved using SoFi's products and from making any claims about any such savings, unless they are backed up with reliable evidence. Once the settlement is finalized, if the company violates the order, it could face civil penalties.

In conjunction with the announcement of this enforcement action, the [FTC is notifying lenders making similar savings claims of its allegations against SoFi](#), and recommending that those companies review their advertising to ensure that they are not making false or unsubstantiated representations.

The Commission vote to issue the administrative complaint and to accept the consent agreement was 5-0. [Commissioner Rohit Chopra issued a separate statement](#).

The FTC will publish a description of the consent agreement package in the Federal Register shortly. The agreement will be subject to public comment for 30 days, beginning today and continuing through November 28, 2018, after which the Commission will decide whether to make the proposed consent order final.

Interested parties can [submit comments electronically](#) by following the instructions in the "Invitation To Comment" part of the "Supplementary Information" section.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$41,484.

The Federal Trade Commission works to promote competition, and [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#), and [subscribe to press releases](#) for the latest FTC news and resources.

Contact Information

MEDIA CONTACTS:

[Nicole Jones](#)

Office of Public Affairs

202-326-2565

Juliana Gruenwald Henderson

Office of Public Affairs

202-326-2924

STAFF CONTACTS:

Evan Zullow

Bureau of Consumer Protection

202-326-2914

Patrick Roy

Bureau of Consumer Protection

202-326-3477



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