

FINANCIAL AID CONSULTANTS AND SCHOLARSHIP SEARCH SERVICES FACT SHEET

As the financial aid process has become more complex, there has been a significant increase in the number of individuals offering professional financial aid services to students and their families. Most popular among these are financial aid consultants and scholarship search companies. Some families sing the praises of certain consultants and scholarship search companies. However, the industry also includes “bad apples” who charge very high fees and who do little more than provide information that is readily available for free. As a wise consumer, you should exercise caution to avoid being taken advantage of and to be sure you fully understand the services that are offered. The following information should help.

Financial Aid Consultants

Financial aid consultants usually charge a fee for a variety of services including:

- Preparing the Free Application for Federal Student Aid (FAFSA®) and other financial aid forms;
- Estimating your resources;
- Estimating your expected family contribution (EFC);
- Estimating your financial need; and
- Describing the types of federal, state, local, institutional, and private aid programs that are available.

Before you pay a lot of money for the services of a financial aid consultant, keep the following in mind:

- ***Financial aid administrators and others perform these same services FREE of charge!***
 - Contact the financial aid office at the college or university you would like to attend, a high school college counselor, or the reference librarian at the local public library for information or assistance. Even if you are planning to attend another school, the staff in any financial aid office or a reference librarian should be able to provide you with the same information and assistance that a consultant would provide. College websites, publications, and catalogues are also good sources of information.
- The Internet is an excellent method of obtaining free student financial assistance information. In particular, the U.S. Department of Education’s website provides aid information at www.studentaid.ed.gov/.
- You may complete the FAFSA free of charge on the U.S. Department of Education’s FAFSA on the Web site at www.fafsa.gov.
 - If a consultant is preparing a paper FAFSA on your behalf, always review and sign the FAFSA after it has been prepared and mail it yourself by the required deadline.
 - The consultant’s fee should be refundable if he or she completes the FAFSA incorrectly.

- As with all important documents, always keep copies of the FAFSA and other applications, forms, and correspondence for your files, even if someone has assisted in their preparation.
- Never agree to a fee based on the percentage of aid you receive.
- A financial aid consultant cannot guarantee you financial aid.
- Before hiring a consultant, request a list of references.
- Never sign a blank form.
- A consultant may charge you for a list of scholarships and grants copied directly from a school's website or publications—information you could easily obtain for free.
 - Certain scholarships and grants awarded by schools and outside organizations are discretionary funds that may or may not be awarded again in subsequent years, even to prior recipients.
- Before engaging the services of a third party, be sure to review available information regarding the legitimacy of financial aid consultants or scholarship search organizations on these websites:
 - U.S. Department of Education: www.studentaid.ed.gov/types/scams
 - Federal Trade Commission: Federal Trade Commission: www.consumer.ftc.gov
 - www.consumer.ftc.gov/articles/0082-scholarship-and-financial-aid-scams
 - www.consumer.ftc.gov/articles/0160-student-loans
 - Better Business Bureau: www.bbb.org

Scholarship Search Services

Many search services charge a fee to find sources of student financial aid. Some of these services have been in existence for some time; others are relatively new. Search services need to be used with care and only after a thorough investigation of the services they render. The value of the information provided varies widely.

A guarantee that the service will find at least a certain number of aid sources, for instance, might simply mean that the service will tell you that you can apply for the federal student aid programs. There is no need to pay a search service to identify these programs, because information on all of the federal student aid programs is readily available free of charge in any financial aid office, on college or university websites, or on the U.S. Department of Education's website at www.studentaid.ed.gov/.

A little time and effort on your part browsing the Internet, or visiting your school's website, financial aid office, college counseling office, guidance counselor's office, or the reference section of a library will probably unearth most sources of assistance a search service could identify.

Also, several companies have also made scholarship search engines available on the Internet to students for free. These include, but are not limited to:

- FinAid - www.finaid.org;
- Big Future by The College Board - www.bigfuture.collegeboard.org/scholarship-search; and
- Fastweb - www.fastweb.com.

A Message from the Federal Trade Commission*

Many companies advertise through flyers, campus newspapers, direct mail, and websites that they can get students access to millions of dollars in unclaimed grants and scholarships. The Federal Trade Commission (FTC) encourages you to be well-informed about these companies and provides these tips:

1. Determine whether the company is actually offering a scholarship or is simply a scholarship search service. If the company claims to actually award a scholarship, be aware that most scholarship sponsors do not charge up-front fees to apply for funding, and no legitimate scholarship sponsor can guarantee that you will win an award.
2. Understand that scholarship search services do not award scholarships. These companies charge a fee to compare your profile with a database of scholarship opportunities and provide a list of awards for which you may qualify. They do not provide awards directly to applicants, nor do they help students apply for the awards. Some will list scholarships even if the application deadlines are past.
3. Don't give out credit card or bank account information on the phone or over the Internet without getting information in writing first. It may be a set-up for an unauthorized charge or withdrawal.
4. **Don't forget the age-old rule: If it sounds too good to be true, it probably is!**

*Adapted from FTC guidance at <https://www.consumer.ftc.gov/articles/0082-scholarship-and-financial-aid-scams>.

Reporting Scholarship Scams and Suspected Financial Aid Fraud

If you feel that you have become a victim of a scholarship scam or financial aid fraud, please report it immediately.

- U.S. Department of Education's Office of Inspector General (OIG): The OIG may be contacted by calling its hotline at 1-800-MIS-USED (1-800-647-8733), emailing oig.hotline@ed.gov, or by completing a complaint form available at www.ed.gov/about/offices/list/oig/hotline.html. Special agents in the OIG investigate fraud involving federal financial aid dollars.
- Federal Trade Commission (FTC): The FTC has an online complaint form at www.ftccomplaintassistant.gov/#&panel1-8h and a hotline at 1-877-FTC-HELP (1-877-382-4357; TTY for the hearing impaired: 1-866-653-4261). The FTC will investigate based on the number of complaints received.