

STATE OF MARYLAND
OFFICE OF
FINANCIAL REGULATION

MARYLAND DEPARTMENT OF LABOR
100 S. CHARLES STREET, TOWER 1, SUITE 5300
BALTIMORE, MARYLAND 21201



STUDENT LOAN OMBUDSMAN
REPORT

For the Year Ending December 31, 2025

Presented to:

The Honorable William C. "Bill" Ferguson IV
President
Senate of Maryland
State House, H-107
Annapolis, MD 21401

The Honorable Joseline A. Peña-Melnyk
Speaker
Maryland House of Delegates
State House, H-101
Annapolis, MD 21401

By:

Antonio P. Salazar
Commissioner of Financial Regulation

Amy P. Hennen
Student Loan Ombudsman

Financial Institutions Article § 2-104.1(f)(2)
MSAR #11712

December 31, 2025

The Honorable Wes Moore, Governor
State House, 100 State Circle
Annapolis, Maryland 21401

The Honorable Aruna Miller, Lieutenant Governor
State House, 100 State Circle
Annapolis, Maryland 21401

The Honorable Bill Ferguson, President
Senate of Maryland
State House, H-107
Annapolis, Maryland 21401

The Honorable Joseline Peña-Melnyk, Speaker
Maryland House of Delegates
State House, H-107
Annapolis, Maryland 21401

Dear President Ferguson, and Speaker Peña-Melnyk:

As required by the Financial Consumer Protection Act of 2018, effective October 1, 2018, and codified in pertinent part at Financial Institutions Article § 2-104.1 et. seq., the Commissioner of Financial Regulation designated me to serve as Maryland's Student Loan Ombudsman. The Student Loan Ombudsman serves as a liaison between student loan borrowers and student loan servicers. According to Financial Institutions Article § 2-104.1(f)(2), on or before January 1 of each year, the Ombudsman is to provide a report with findings and recommendations to the General Assembly in accordance with § 2-1257 of the State Government Article. This year's Ombudsman's report will include:

1. The Ombudsman's activities throughout the year;
2. A discussion of federal, state and local developments affecting student loan servicing;
3. The Ombudsman's findings, analysis and recommendations regarding complaint data and data trends; and
4. A discussion as to whether there are any statutory changes needed to ensure that the student loan servicing industry is fair, transparent and equitable for Maryland borrowers.

The attached report is respectfully submitted for your information and consideration.

Sincerely,

/ Amy P. Hennen /

Amy P. Hennen

Student Loan Ombudsman

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OFFICE OF FINANCIAL REGULATION MISSION

The Office of Financial Regulation (OFR or the “Office”), established in 1910, is Maryland’s consumer financial protection agency and financial services regulator. The Office's mission is to protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong state economy.

STUDENT LOAN OMBUDSMAN PROVISIONS

The Financial Consumer Protection Act of 2018, effective October 1, 2018, and codified in pertinent part at Financial Institutions Article § 2-104.1 *et. seq.* (the “Act”), provides that the Commissioner of Financial Regulation (the “Commissioner”) shall designate an individual to serve as the Student Loan Ombudsman (the “Student Loan Ombudsman” or the “Ombudsman”). The Student Loan Ombudsman is to serve as a liaison between student loan borrowers and student loan servicers.

The Act and subsequent amendments to FI § 2-104.1 specify certain activities that are to be undertaken by the Student Loan Ombudsman, among them:

- 1) Receiving and processing, in consultation with the Commissioner, complaints about student education loan servicing;
- 2) Referring matters that are deemed abusive, unfair, deceptive, or fraudulent to the Office of the Attorney General for civil enforcement or criminal prosecution;
- 3) Referring complaints of violations of student education loan servicing standards to the OFR for investigation;
- 4) Disseminating information about the Student Loan Ombudsman and about student education loans and servicing;
- 5) Analyzing and monitoring the development and implementation of federal, State, and local laws, regulations, and policies on student loan borrowers;
- 6) Disclosing the complaint data the Student Loan Ombudsman compiles and analyzes;
- 7) Making certain recommendations and a yearly report to the General Assembly; and
- 8) On or before October 1, 2019, establishing, in consultation with the Commissioner, a student loan borrower education course.

Effective October 1, 2019, the Act was further enhanced by the provisions of HB594/SB670 which prohibited student loan servicers from engaging in certain conduct, including, among other things, any of the following:

- Employing any scheme, device, or artifice to mislead a student loan borrower;
- Engaging in any unfair, abusive, or deceptive trade practice; or
- Knowingly misapplying or refusing to correct a misapplication of payments; or
- Failing to apply non-conforming payments as directed by the borrower.

The additions also require student loan servicers to respond to inquiries and complaints within 30 days of receipt, authorize the Ombudsman to refer complaints to OFR, and grant enforcement authority to OFR. Finally, they provide that any violation of the law is deemed an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act.

STUDENT LOAN OMBUDSMAN’S REPORT ON THE ESTABLISHMENT OF THE STUDENT LOAN OMBUDSMAN POSITION

The **Student Loan Ombudsman** is required to submit an annual report to the **General Assembly**, in compliance with **§ 2-1257 of the State Government Article**. This report must include the following key components:

- 1) **Description of the Ombudsman’s Activities:**
 - This section will provide a summary of the Ombudsman’s work throughout the year, including outreach efforts, complaint resolution, collaborations with other agencies, and any other activities aimed at supporting student loan borrowers.
- 2) **Discussion of Federal, State, and Local Developments:**
 - The Ombudsman will detail significant developments related to student loan servicing at the federal, state, and local levels. This may include changes in laws, policies, or regulations that impact borrowers, such as new repayment programs or legislative actions affecting the student loan industry.
- 3) **Findings, Analysis, and Recommendations Regarding Complaint Data and Trends:**
 - This section will present an analysis of the complaints received by the Ombudsman, identifying any trends, recurring issues, or areas of concern for Maryland borrowers. The Ombudsman may also offer recommendations for improvements based on these findings.
- 4) **Discussion of Needed Statutory Changes:**
 - The Ombudsman will provide an analysis of whether there are any statutory changes needed to ensure that the student loan servicing industry operates in a **fair, transparent, and equitable** manner for Maryland borrowers. This may involve

suggesting changes to existing laws, regulations, or creating new protections for borrowers.

By addressing these points, the annual report serves as an important tool for informing the General Assembly about the state of student loan servicing in Maryland, the challenges faced by borrowers, and potential legislative actions that may improve the system.

OMBUDSMAN'S MISSION

Pursuant to the **2018 Act**, the **Student Loan Ombudsman** was designated by the **Commissioner** and began service in **October 2018**. This Act outlines the Ombudsman's responsibilities, with the **primary function** being to serve as a resource for student loan borrowers in Maryland. The Ombudsman helps borrowers resolve complaints about student loan servicers, acting as an intermediary to facilitate solutions and correct mistakes.

Key duties of the Ombudsman include:

- **Providing assistance** to student loan borrowers in resolving disputes with servicers.
- **Informing the public** and the **Maryland State Legislature** about student loan issues and trends, including the collection of data on student loan servicing in the state.
- **Reporting complaint data** and **recommendations** to the **General Assembly** in the Ombudsman's annual report.
- **Referring complaints** that may indicate violations of law or deceptive practices to the **Office of Financial Regulation (OFR)** or the **Maryland Office of the Attorney General** for investigation, civil enforcement, or criminal prosecution.

Under the **Act**, student loan servicers operating in Maryland are also required to:

- **Designate a representative** to communicate with the Ombudsman regarding complaints.
- Provide the **representative's contact information** (name, phone number, and email) to the Ombudsman.

Additionally, the Ombudsman established an **educational course** for student loan borrowers, developed in consultation with the Commissioner. This course is available to the public through the Ombudsman's webpage and can be accessed here:

- [Student Loan Borrower Education Course](#)

This initiative is designed to empower Maryland borrowers by providing the tools and resources needed to better navigate the complexities of student loan servicing and advocate for their rights.

STUDENT LOAN BORROWER’S BILL OF RIGHTS

On **October 22, 2020**, the **Ombudsman** published the **Student Loan Borrower’s Bill of Rights (BOR)** for Maryland residents. The BOR was created in response to the **2018 Act** and the **2019 legislation** that enhanced it. Although the Act provided significant protections for student loan borrowers, the Ombudsman recognized the need for clearer communication about the rights and responsibilities it outlined for borrowers.

The **BOR** is a **plain-language document** that outlines the rights of Maryland residents repaying student loans. It describes the protections borrowers are entitled to, such as those related to **responsiveness, payment allocation, record retention, and credit reporting**. It also sets clear standards for **student loan servicers**.

This document is intended to be a practical tool for student loan borrowers in their interactions with loan servicers. The BOR can be accessed at the following link:

- [Student Loan Borrower's Bill of Rights PDF](#)

Additionally, the Ombudsman created a specific page on the **OFR website** dedicated to the BOR:

- [BOR Page on the OFR Website](#)

The Ombudsman also issued an **Advisory** announcing the publication of the BOR. The Advisory can be found at:

- [Advisory on Student Loan Borrower's Bill of Rights](#)

This initiative aims to empower borrowers with information that can help them navigate their rights and responsibilities when managing student loans in Maryland.

AN OVERVIEW OF STUDENT LOANS

Student Loan Debt in the United States

In 2025, student loan debt in the United States (U.S.) decreased to **\$1.65 trillion**, down from **\$1.725 trillion** in 2024. However, over the past 18 years, the student loan debt market has grown

by **275%**, increasing from **\$600 billion in 2007** to the current total of **\$1.65 trillion**. During this period, the number of student loan borrowers has risen by **46.5%**, from approximately **29 million** borrowers to nearly **42.7 million**.¹²

The **average federal loan balance** in 2025 is **\$39,075**, while the total average balance (including private loans) is estimated at **\$42,673**. Black and African American college graduates owe an average of **\$25,000 more** in student loan debt than their White counterparts. Women hold **63.6% of all student loan debt**.³

State averages for student debt at graduation range from a low of **\$29,115** in **North Dakota** to a high of **\$54,561** in **Washington, D.C.** In **Maryland**, the average student loan debt is **\$43,781**. The state has approximately **847,400 student loan borrowers** who collectively owe **\$37.1 billion** in student loan debt. This represents **13.5%** of Maryland's population, with **47.5%** of these borrowers being under the age of **35**.⁴

Student loan debt remains the **second-highest consumer debt category** in the U.S., behind mortgage debt, surpassing both credit card debt, but equal with auto loans. Historically, the average U.S. student loan **delinquency/default rate** (90+ days overdue) for the three years before the student loan payment pause in **2020** was **11.2%**, which was higher than the delinquency rates for other types of household debt.⁵

Missing or delinquent federal student loan payments were not reported to credit bureaus between 2020Q2 and 2024Q4. These now appear on credit reports. Student loan **delinquency rates** saw a sharp rise in the first half of 2025 and have remained elevated. In 2025Q3, **9.4%** of aggregate student debt was reported as 90+ days delinquent, as compared to **7.8%** in 2025Q1 and **10.2%** in 2025Q2.⁶

The **On-Ramp Program**, which prevented negative credit reporting on federal student loans, ended in **October 2024**. With the program's conclusion, the rate has returned to its historic level.

¹ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (3rd Quarter, November 2025)

² Hanson, Melanie. "Student Loan Debt Statistics" EducationData.org, February 18, 2025, February 22, 2025, June 26, 2025, August 8, 2025, October 21, 2025 <https://educationdata.org/student-loan-debt-statistics>

³ Hanson, Melanie. "Student Loan Debt Statistics" EducationData.org, February 18, 2025, February 22, 2025, June 26, 2025, August 8, 2025, October 21, 2025 <https://educationdata.org/student-loan-debt-statistics>

⁴ Hanson, Melanie. "Student Loan Debt Statistics" EducationData.org, February 18, 2025, February 22, 2025, June 26, 2025, August 8, 2025, October 21, 2025 <https://educationdata.org/student-loan-debt-statistics>

⁵ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (3rd Quarter, November 2025)

⁶ The Federal Reserve Bank of New York's Center for Microeconomic Data *Quarterly Report on Household Debt and Credit*, (3rd Quarter, November 2025)

Concerns Regarding Federal Oversight

Beyond the overall debt burden, with the contraction of relevant federal agencies taking place in 2025 the Ombudsman has concerns about the adequacy of the federal oversight of student loan servicers.

During the year, the **Student Loan Ombudsman** in the **Federal Student Aid (FSA)** office at the **Department of Education (ED)** continued to receive complaints from borrowers. Some of these complaints are automatically routed to servicers; however, the reductions in ED staff and the 43-day general federal government shutdown halted most non-automated processing and the status of a resumption in non-automated referrals is unknown as of the writing of this Report. The FSA office does not have a public complaint portal data.

Similarly, the **Consumer Financial Protection Bureau (CFPB)** was also a federal agency that experienced substantial operational contraction. The decrease in operational activity in that Office combined with the federal shutdown prevented its Student Loan Ombudsman from issuing an annual report as of the writing of this Report. While its automated complaint systems remain partially active, and limited complaint data is still available, manual investigations have been largely suspended and the status of a resumption of investigative activity is unknown as of the writing of this Report. A summary of these available findings is included in the CFPB section of this report (see pages 8-10).

Consumers also continue to file complaints with the **Federal Trade Commission (FTC)**. These complaints focus on fraud and identity theft. A summary of the relevant FTC complaint data is included in the FTC section of this report (see pages 10-11).

Federal Student Loan Developments in 2025

Policy Volatility

The federal student loan system remains in flux due to shifting political and legal conditions. The **Saving on a Valuable Education (SAVE) Plan**, which provided lower payments and a faster path to forgiveness for many borrowers, was suspended following court injunctions. The future of other **Income-Driven Repayment (IDR)** plans remains uncertain.

Forgiveness and Repayment Delays

Ongoing litigation has caused significant delays in processing forgiveness applications across several IDR programs. Borrowers using the **Public Service Loan Forgiveness (PSLF) Buyback** to obtain credit for prior ineligible months have experienced extended processing times. Borrowers affected by the **SAVE Plan litigation pause** are encouraged to consider applying for a new repayment plan if they wish to continue accruing PSLF credit.

New Legislation

Legislation enacted during the summer of 2025 will eliminate certain loan types (such as **Grad PLUS**), establish annual and lifetime borrowing limits, and create a new **Repayment Assistance Plan (RAP)** to replace several existing options. Borrowers currently enrolled in the **Income Contingent Repayment (ICR)** plan may need to consolidate their loans to maintain access to IDR programs. Executive action was announced in November 2025 to transfer some of ED's activities to other agencies. In March 2025, an executive order was signed to dismantle the ED, though that would require an act of Congress.

Tax Considerations

The federal provision making **IDR loan forgiveness tax-free** is scheduled to expire at the end of 2025. Without congressional action, borrowers whose loans are forgiven after that date may face significant federal tax liabilities. The **Public Service Loan Forgiveness (PSLF)** program remains **statutorily exempt** from federal taxation.

Operational Disruptions

As noted above, the 43-day **federal government shutdown** has prevented ED from reviewing or responding to non-automated filings. Borrowers who have submitted complaints or **Total and Permanent Disability (TPD)** discharge applications report receiving no responses from the Department.

FEDERAL, STATE, AND LOCAL DEVELOPMENTS

Activity of the Department of Education

The **FSA** office within **ED** is the federal entity responsible for overseeing student loan servicers. The **FSA Ombudsman** receives and investigates complaints related to federal student loans.

As of **November 2025**, the FSA had not issued its annual report on student loan complaints. The **federal shutdown in the fall of 2025**, combined with broader **agency contraction** during the year, likely contributed to the delay and the status of the annual report is unknown as of the writing of this Report.

In addition, the FSA Ombudsman **reduced engagement with state-level student loan ombudsmen** during the year, limiting coordination on borrower issues. The federal government shutdown has also prevented ED from **reviewing or responding to non-automated filings**, leaving many borrower complaints and discharge applications unresolved.

Activity of the Consumer Financial Protection Bureau

The CFPB maintains a **Student Loan Ombudsman** to handle borrower complaints involving both **federal and private student loans**. The Ombudsman serves as an impartial liaison between borrowers and loan servicers or lenders.

As of **November 2025**, the CFPB had also not issued its annual student loan complaint report. The delay is likely attributable to the **federal government shutdown** and **reduced staffing** within the agency and the status of the annual report is unknown as of the writing of this Report.

Despite these disruptions, the CFPB's **automated complaint system** continues to operate. When a borrower's complaint can be matched to a specific company, it is automatically forwarded for response. Between **January and November 2025**, the CFPB received **more than 21,000 complaints nationwide** related to student loans.

- **83%** of complaints involved **federal loans**
- **17%** involved **private loans**

Prior reports are still accessible. The **2024, 2023, 2022, and 2021 reports** can be found at the following links, respectively:

- [2024 Annual Report](#)
- [2023 Annual Report](#)
- [2022 Annual Report](#)
- [2021 Annual Report](#)

Federal Student Loan Servicers

A review of the complaint database identified the five federal student loan servicers that received the highest number of borrower complaints since **January 1, 2025**. All figures are **approximate as of November 2025**.

- **MOHELA**: 7,300 complaints
- **Nelnet**: 3,800 complaints
- **Aidvantage (Maximus)**: 2,150 complaints
- **EdFinancial**: 1,400 complaints
- **Navient**: 700 complaints

Private Student Loan Servicers

A review of the complaint database identified the six federal student loan servicers that received the highest number of borrower complaints since **January 1, 2025**. All figures are **approximate as of November 2025**.

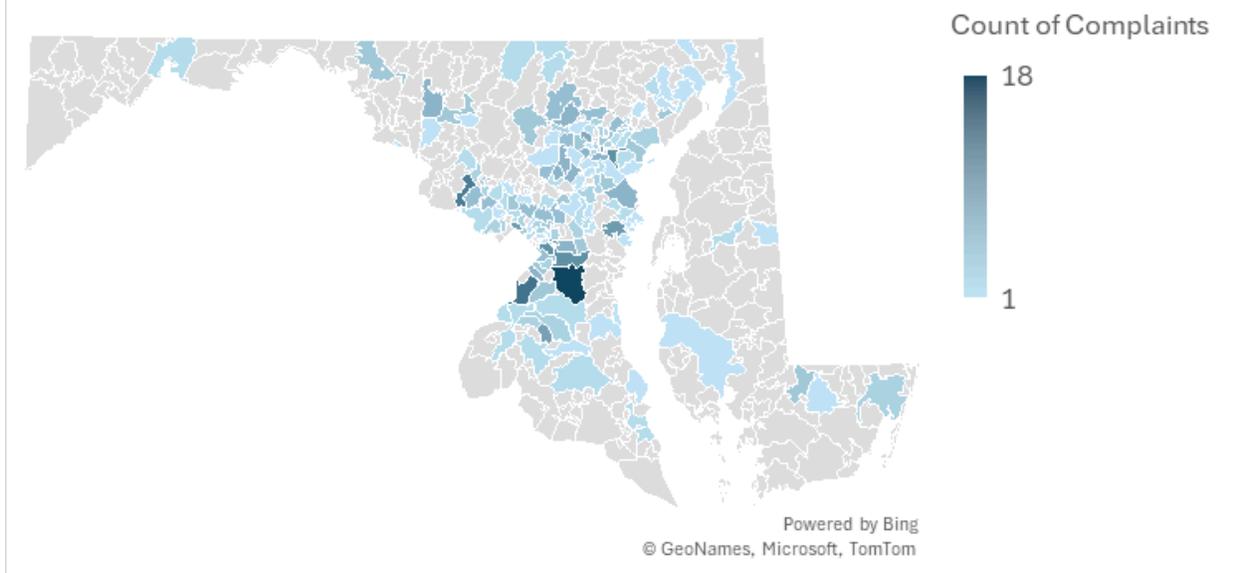
- **Mohela**: 450 complaints
- **Sallie Mae**: 400 complaints
- **Nelnet**: 350 complaints
- **Navient**: 300 complaints
- **Climb Credit**: 150 complaints
- **SoFi**: 100 complaints

- *Maryland-Specific Complaint Data*

National complaint trends were reflected in **Maryland**, where borrowers submitted approximately **530 complaints to the CFPB**, representing **2.7% of all nationwide student loan complaints**. The five servicers receiving the highest number of complaints from Maryland borrowers are listed below. All figures are **approximate as of November 2025**.

1. **MOHELA**: 240 complaints
2. **Nelnet, Inc.**: 90 complaints
3. **Maximus Education**: 50 complaints
4. **EdFinancial Services**: 20 complaints
5. **Navient Solutions, LLC**: 15 complaints

Maryland-Based Student Loan Complaints (CFPB) by Zip Code 2025



Activity of the Federal Trade Commission

The FTC collects consumer complaints through its Consumer Sentinel Network (CSN). The FTC uses this data to identify and monitor **fraud, scams, and deceptive business practices**. The agency regularly publishes aggregated reports and interactive data dashboards to provide public insight into national complaint trends.

Between **January 1 and November 2025**, the FTC received more than **740,000 complaints nationwide** in which consumers mentioned student loans. Reported losses associated with these complaints exceeded **\$2 billion** during this period.

While **identity theft** represents a relatively small share of total complaints, it accounts for a disproportionately large share of total reported losses. Approximately **65,000 identity theft complaints** referencing student loans were filed, representing **more than half of all dollar losses** reported in those 740,000 complaints.

- *Overview of Maryland Complaints*

Between January 1 and November 2025, Maryland consumers submitted **over 12,000 complaints** to the FTC mentioning student loans, with estimated losses totaling nearly \$34

million. Of these, approximately **900 complaints** involved **identity theft**, accounting for **more than \$17 million**—over half of the total reported losses in the state.

- *Demographics and Geography of Borrower Complaints*

The **highest concentration of student loan–related complaints** originated from **Prince George’s County (Hyattsville)** and **Montgomery County (North Potomac)**, which recorded the largest complaint volumes by ZIP code in Maryland.

Maryland Activity

During its **2025 session**, the Maryland Student Loan Ombudsman reviewed bills that could impact borrowers. One bill with significant effects on student loan borrowers passed during the session.



Public Service Loan Forgiveness (PSLF) Outreach bill: [HB795](#)

- The new law requires public service employers, including the State, to notify employees of the option to apply for student loan forgiveness under the Public Service Loan

Forgiveness program. The law required the Ombudsman to produce [three documents](#) aimed at assisting borrowers working toward **PSLF**:

1. A **steps document**
2. A **fact sheet**
3. A **frequently asked questions document**

The Ombudsman also produced and distributed the three letters employers should use to inform employees about PSLF. These resources are available to Maryland state agencies, nonprofits, and other organizations to help borrowers and staff better understand PSLF requirements. The Ombudsman issued an **advisory** to address common questions and to assist public service entities in completing and certifying **PSLF employment documentation**.

The Ombudsman also oversaw another year of reporting by student financing companies under **2023 HB0913** (*Financial Institutions - Student Financing Companies - Required Registration and Reporting*). The law mandates student financing companies to register with the Commissioner of Financial Regulation before offering services in Maryland and requires annual renewal of registrations. Additionally, these companies must submit annual reports on **March 15 each year**. The [reports submitted](#) to the Ombudsman are available on the OFR's website.

The Ombudsman offers video chat appointments when helpful to borrowers. Throughout 2025, the Ombudsman continued to assist student loan borrowers with their inquiries and remained engaged with counterparts in other states on developments in:

- o Policy and staffing changes
- o Collection issues
- o PSLF challenges

PROCEDURES FOR PROCESSING BORROWERS' COMPLAINTS AND STUDENT LOAN SERVICER DESIGNEE INFORMATION

The Ombudsman's dedicated website serves a number of functions for both [borrowers](#) and [student loan servicers](#). Both parties can access their own dedicated pages via separate portals.

For Borrowers

- 1) **Resource Page**: Information on the Ombudsman's services and borrowers' rights.

- 2) **Direct Contact:** Borrowers can reach the Ombudsman via phone or email.
- 3) **Complaint Submission:** Borrowers may file complaints using a Student Loan Ombudsman Complaint Form, submitted online, via email, mail, or fax. Supporting documentation is required.
- 4) **Complaint Review:** The Ombudsman and Financial Examiners review all complaints, contacting servicers for investigation.
- 5) **Updates and Resolution:** Borrowers receive status updates, requests for additional information, and responses from servicers. Formal acknowledgment and findings letters are issued.

For Loan Servicers

- 1) **Resource Page:** Includes compliance information, such as informational bulletins, and guides for adhering to the Act.
- 2) **Direct Contact:** Servicers can reach the Ombudsman by phone or email.
- 3) **Designee Form Submission:** Servicers complete and submit designee forms electronically or by mail.
- 4) **Database Entry:** Submitted forms are entered into the OFR database.
- 5) **Acknowledgment:** Servicers receive email confirmation of completed filings.

STUDENT LOAN OMBUDSMAN EDUCATION AND OUTREACH

Since its establishment in 2018, the Ombudsman's office has engaged in numerous efforts to inform Maryland borrowers of their rights and responsibilities under state law and provide access to state and federal resources. Outreach to non-profit financial education service providers has also been conducted to offer training on the Ombudsman's authority and address borrowers' concerns about their experiences with student loan servicers. In addition to the PSLF Resources mentioned above, key initiatives for 2025 include:

- 1) **Guidance for Public Service Employers:** The Ombudsman developed **guidance** for public service employers to assist in responding to questions about **employment certification** for the PSLF program. In addition, the Ombudsman created **template letters** that employers can use to inform employees about PSLF: one for **new hires**, one for **annual distribution**, and one for **use at separation from employment**. The full guidance and links to the template letters are available [here](#).

- 2) **Presentations on repayment and forgiveness options:** The Ombudsman delivered several **presentations** during the year, including a session at the **Partners for Justice Conference** in Baltimore. These presentations were designed to help attorneys serving low- to moderate-income Marylanders understand recent ED changes and effectively assist their clients with student loan forgiveness applications.
- 3) **Stakeholder Engagement:** The Ombudsman collaborated with nonprofit organizations, state agencies, and advocacy groups to educate borrowers. Activities included:
 - Seminars and presentations, both in-person and virtual, to promote awareness of the Ombudsman’s role and services.
 - Partnerships with organizations such as the **CASH Campaign of Maryland**, **Maryland Legal Aid**, and **Economic Action Maryland** to hear feedback and address borrowers' experiences with loan servicers.
- 4) **Social Media and Email Outreach:** To inform borrowers of critical updates, the Ombudsman utilized email blasts to consumer stakeholder groups and posted updates on the Maryland Department of Labor’s Facebook page.

The Ombudsman remains committed to continuing education and outreach to ensure borrowers stay informed about changes and resources.

Response to change announcements by the U.S. Department of Education

The Ombudsman maintains regular contact with counterparts in other states to stay informed about developments at ED. These efforts include monitoring policy changes, collaborating with student loan servicers, and updating resources to help borrowers protect and manage their finances.

As the year progresses, the Ombudsman will provide timely updates and remain a valuable resource for Maryland borrowers navigating the student loan landscape.

ANALYSIS OF STUDENT LOAN INQUIRIES

Since the Ombudsman’s position was established, **82 student loan servicers** have provided their designee information, and **10 private student loan servicers** are licensed as debt collectors in Maryland. This year, the Office received **63 complaints** from student loan borrowers across the state.

The return to repayment after the COVID-19 payment pause resulted in increased demand for assistance as borrowers engaged with servicers to review their payment and forgiveness options.

In addition to the 63 complaints, the Office also handled **654 emails and calls** from borrowers with student loan inquiries.

As in prior years, the nature of complaints varied. Borrowers reported issues such as:

- **Difficulties with servicers**, including challenges with forbearance, payment allocation, PSLF, disability discharge, and billing statement errors.
- **Communication barriers**, including unresponsiveness and difficulty obtaining accurate information.
- **Inappropriate collection activities**.
- **Credit reporting errors**.

Of the **63 complaints**, **83% (53)** were directed at two major student loan servicers:

1. **Higher Education Loan Authority of Missouri (MOHELA)**: 43 complaints
2. **Nelnet Servicing, LLC**: 10 complaints

These complaints correspond to the majority of companies managing the Federal student loan debt for borrowers seeking PSLF.

In example of a borrower who filed a complaint, a Montgomery County Borrower submitted a complaint to OFR against her servicer, Mohela, regarding her PSLF application. Upon review of the payment history, the payment count was updated, and the borrower received forgiveness of her outstanding balance of more than \$470,000.

RECOMMENDATIONS

At this time, no formal recommendation is being issued. The federal student loan system is undergoing significant and ongoing changes, including program suspensions, new legislation, and operational disruptions caused by the federal shutdown. These developments have created substantial uncertainty and confusion for borrowers, servicers, and oversight agencies alike. Most of the 654 inquiries the Office received from borrowers related to significant confusion with the changing landscape of student loans.

Given the fluidity of federal policy and the lack of consistent communication from the U.S. Department of Education and related agencies, it is not possible to make an informed or stable recommendation for state action at this stage. Continued monitoring is warranted until the federal

environment stabilizes and clearer guidance becomes available for both borrowers and state-level stakeholders.

STEPS FOR THE UPCOMING YEAR

The Ombudsman will continue to monitor developments at local, state, and federal levels in the coming year. Collaboration with the Office of the Attorney General will occur as needed to protect the rights of borrowers. The **federal government shutdown in the fall of 2025**, alongside wider **agency contraction** during the year, will impact all student loan borrowers, especially those pursuing forgiveness options, as well as future borrowers. This is due to the anticipated effects on the personnel, structure, and processes of the ED and the CFPB. The Ombudsman will continue to work to ensure that borrowers are aware of their rights, opportunities, and obligations, as any changes roll out and will promote the Maryland Student Loan Borrower's Bill of Rights.

In previous years, the Ombudsman's Annual Reports outlined steps for improving (i) **Education and Outreach** and (ii) **Processes and Procedures**. Below are the actions taken in the past year, as well as those planned for the upcoming year.

Education and Outreach

1) Identify Strategic Stakeholders and Partners:

- **Status:** In 2025, the Ombudsman and other OFR staff collaborated with state legislators to assist borrowers impacted by loan-related questions. Partnerships were also formed with the Maryland Department of Labor's Division of Workforce Development, the Maryland NAACP, and Maryland Legal Aid to provide presentations on changes to student loans.
- **Action:** The Ombudsman will continue seeking new opportunities for collaboration with existing and new partners. Potential partnerships with EDCAP in New York and Maryland financial empowerment centers are being explored to provide more training for those who work with student loan borrowers.

2) Collaborate with Other States on Mutual Interests:

- **Status:** The Ombudsman met regularly with other state ombudsmen to discuss borrower concerns and explore opportunities for collaboration.
- **Action:** The Maryland Ombudsman will continue collaborating with counterparts in other states and focus on addressing potential student loan scam activity and other shared interests.

Processes and Procedures

1) Monitor and Refine Internal Processes for Improved Service Delivery:

- **Status:** The Financial Examiners supporting the Ombudsman have completed required training for using the State Examination System (SES). The Assistant Director of the Office's Consumer Services Unit was a member of the SES Consumer Complaints Subcommittee, providing feedback on system updates and improvements.
- **Action:** The Ombudsman will explore additional technology solutions to improve internal processes and enhance the SES system in 2026. These plans are integrated into the Office's FY26 strategic plans as the Office works to replace outdated systems that work with SES.

2) Monitor and Refer Complaints for Further Investigation:

- **Status:** The Ombudsman will continue reviewing complaints to identify education debt relief-related issues, including potentially abusive, unfair, deceptive, or fraudulent activities. These complaints will be referred to the Commissioner of Financial Regulation for further investigation and potential civil or criminal enforcement.
- **Action:** The Ombudsman will continue to monitor complaints closely and coordinate with other Ombudsman offices in different states to share insights and strategies for addressing these issues.

Conclusion

In 2025, the Office handled **63 complaints** as well as **654 emails and calls** from borrowers with student loan inquiries. The concerns of these borrowers demonstrated the confusion with the shifting landscape and concern with the reduced assistance at the federal level. The majority of borrowers expressed concern or frustration with servicing and that the many changes at the federal level made it difficult to plan for the future. The Office will continue to provide information to borrowers, investigate complaints, and conduct education and outreach to ensure Maryland student loan borrowers understand their rights and obligations.