

United States Senate

WASHINGTON, DC 20510

August 8, 2024

Brian Cassin
Chief Executive Officer
Experian
475 Anton Blvd
Costa Mesa, CA 92626

Dear Mr. Cassin:

We write in light of alarming reports that NelNet, the Higher Education Loan Authority of the State of Missouri (MOHELA), and Experian—one of the nation’s three largest credit reporting agencies¹—collectively mishandled a transfer of student loan balances beginning in 2023, causing at least 1.4 million duplicate student loan records to appear on borrowers’ credit reports, reducing their credit score and their ability to obtain mortgages, car loans, and any other credit.²

Over the past few years, tens of millions of student loan borrowers’ accounts have been transferred to new private loan servicers.³ The resulting chaos has been well-documented: borrowers experienced loan servicing errors ranging from “very high” and incorrect payment amounts, to problems accessing loan cancellation programs, to the incomplete transfer of more than five million accounts.⁴

To compound these issues, recent reporting by the Washington Post highlights a new disturbing outcome of these transfers: an error in the transfer of accounts from NelNet to MOHELA last

¹ Nerd Wallet, “The 3 Credit Bureaus, and Why They Matter to You,” Bev O’Shea, April 18, 2024, <https://www.nerdwallet.com/article/finance/3-credit-bureaus>.

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year resulted in borrowers' student loan balances appearing twice on their credit reports.⁵ According to the Post:

At least 1.4 million duplicate student loan records are appearing on credit reports. . . . [T]he number of affected people could be far greater as the problem is pervasive. Many borrowers have no idea this is happening, even as their credit score — a critical factor in determining how much you pay for car loans and mortgages — has declined.⁶

Reports suggest that these errors remain unresolved for an untold number of borrowers.⁷

These glitches can lower a borrower's credit score, affecting their ability to take out loans, buy a car, or purchase a house. In some instances, the errors have resulted in \$300,000 balances accidentally appearing twice on credit reports.⁸ Borrowers have spent countless hours⁹ trying to resolve these issues. And all the while, MOHELA, NelNet, and the credit agencies have pointed fingers at each other, further delaying relief. When one borrower filed a dispute with Experian, she was told "nothing could be done."¹⁰ After that same borrower reached out to Nelnet, she was told to contact MOHELA; MOHELA then told her to contact Nelnet.¹¹ Unsurprisingly, approximately 500 credit reporting complaints have been submitted to the Education Department (ED) since December 2023.¹²

These credit reporting errors suggest that MOHELA, which has a long history of mistreating borrowers, has failed once again. Just this spring, ED announced that it would begin transferring over one million of MOHELA's borrower accounts to other federal student loan servicers, after MOHELA more than tripled in size between February 2020 and January 2024.¹³

The credit reporting agencies also likely bear some responsibility for these ongoing problems. According to the Washington Post, "the Education Department wants the servicer receiving the student loan to submit a file — known as an L1 segment — to the credit agencies signaling the debt transferred from another servicer and the prior history should be retained. The problem is that sometimes that file does not get processed correctly by the credit [reporting] agencies, according to the Education Department."¹⁴

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The collective incompetence that MOHELA, NelNet, and the credit reporting agencies have shown in navigating this situation is disgraceful. Each of these entities must work swiftly to resolve this issue and ensure this mistake does not happen again. With this in mind, we ask that you provide the following information by August 22, 2024:

1. How many reports of borrowers' loan transfers from NelNet to MOHELA did your company receive beginning in 2023?
2. How did NelNet and MOHELA report that transfer? What instructions did NelNet and MOHELA give to your company regarding the transfer?
3. How many L1 files related to the transfer of student loan files from NelNet to MOHELA have you received beginning in 2023?
 - a. How many of these files have been processed correctly?
 - b. What actions do you take when a file has not been processed correctly?
4. When did your company first discover the duplicate reporting errors, whether because of the transfer from NelNet to MOHELA or because of any other servicing transfers?
5. How many borrower complaints have you received regarding duplicate reporting?
6. How many of these complaints have been successfully resolved? What is the average resolution time?
7. How many total borrowers have been affected by the reporting errors? Are those borrowers' errors fully resolved? If so, when? If not, how does your company plan on assisting with completely resolving these errors?
8. How many of these borrowers have faced reduced credit scores because of these errors?
9. What is the average reduction in credit score for borrowers affected by this problem?
10. How many borrowers have had their credit score reduced by 20 points or more?
11. How many borrowers have had their credit score drop from above 800 to below 800 as a result of this error? How many borrowers have had their credit score drop from above 700 to below 700 as a result of this error?

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12. How does your company plan to compensate borrowers harmed by this reporting error?

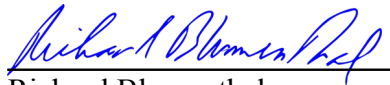
Sincerely,




Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator



Richard Blumenthal
United States Senator



Ron Wyden
United States Senator

August 8, 2024

Scott Giles
Chief Executive Officer
Higher Education Loan Authority of the State of Missouri (MOHELA)
633 Spirit Drive
Chesterfield, Missouri 63005-1243

Dear Mr. Giles:

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Over the past few years, tens of millions of student loan borrowers’ accounts have been transferred to new private loan servicers.³ The resulting chaos has been well-documented: borrowers experienced loan servicing errors ranging from “very high” and incorrect payment amounts, to problems accessing loan cancellation programs, to the incomplete transfer of more than five million accounts.⁴

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Reports suggest that these errors remain unresolved for an untold number of borrowers.⁷

These glitches can lower a borrower's credit score, affecting their ability to take out loans, buy a car, or purchase a house. In some instances, the errors have resulted in \$300,000 balances accidentally appearing twice on credit reports.⁸ Borrowers have spent countless hours⁹ trying to resolve these issues. And all the while, MOHELA, NelNet, and the credit agencies have pointed fingers at each other, further delaying relief. When one borrower filed a dispute with Experian, she was told "nothing could be done."¹⁰ After that same borrower reached out to Nelnet, she was told to contact MOHELA; MOHELA then told her to contact Nelnet.¹¹ Unsurprisingly, approximately 500 credit reporting complaints have been submitted to the Education Department (ED) since December 2023.¹²

These credit reporting errors suggest that MOHELA, which has a long history of mistreating borrowers, has failed once again. Just this spring, ED announced that it would begin transferring over one million of MOHELA's borrower accounts to other federal student loan servicers, after MOHELA more than tripled in size between February 2020 and January 2024.¹³

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1. How many borrowers’ loans were transferred from NelNet to MOHELA beginning in 2023?
2. How were these transfers communicated to borrowers? Please provide copies of communications.
3. How did NelNet, MOHELA, the credit reporting agencies, and ED communicate and prepare for the transfer? What instructions did your company give to credit reporting agencies including Experian regarding the transfer?
4. How many L1 files related to the transfer of student loan files has your company submitted to credit reporting agencies beginning in 2023?
 - a. Have you attempted to confirm that the credit reporting agencies have received those files and processed them successfully?
 - b. If so, how many files have not been processed correctly?
 - c. What actions do you take when a file has not been processed correctly?
5. When did your company first discover the duplicate reporting errors?
6. How many borrower complaints have you received regarding duplicate reporting? How many of these complaints have been successfully resolved? What is the average resolution time?
7. How many total borrowers have been affected by the reporting errors? Are those borrowers’ errors fully resolved? If so, when? If not, how does your company plan on assisting with completely resolving these errors?

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8. How does your company plan to compensate borrowers harmed by this reporting error?

Sincerely,



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
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Ron Wyden
United States Senator

United States Senate

WASHINGTON, DC 20510

August 8, 2024

Jeffrey R. Noordhoek
Chief Executive Officer
NelNet
121 South 13th Street, Suite 201
Lincoln, NE 68508

Dear Mr. Noordhoek:

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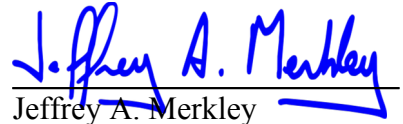
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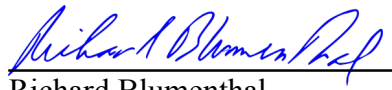
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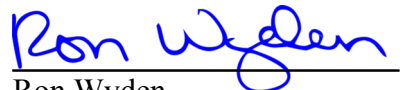
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WASHINGTON, DC 20510

August 8, 2024

Mark Begor
Chief Executive Officer
Equifax
1550 Peachtree St NE
Atlanta, GA 30309

Dear Mr. Begor:

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1. How many reports of borrowers’ loan transfers from NelNet to MOHELA did your company receive beginning in 2023?
2. How did NelNet and MOHELA report that transfer? What instructions did NelNet and MOHELA give to your company regarding the transfer?
3. How many L1 files related to the transfer of student loan files from NelNet to MOHELA have you received beginning in 2023?
 - a. How many of these files have been processed correctly?
 - b. What actions do you take when a file has not been processed correctly?
4. When did your company first discover the duplicate reporting errors, whether because of the transfer from NelNet to MOHELA or because of any other servicing transfers?
5. How many borrower complaints have you received regarding duplicate reporting?
6. How many of these complaints have been successfully resolved? What is the average resolution time?
7. How many total borrowers have been affected by the reporting errors? Are those borrowers’ errors fully resolved? If so, when? If not, how does your company plan on assisting with completely resolving these errors?
8. How many of these borrowers have faced reduced credit scores because of these errors?
9. What is the average reduction in credit score for borrowers affected by this problem?
10. How many borrowers have had their credit score reduced by 20 points or more?

¹⁴ Washington Post, “How a paperwork glitch is hurting student loan borrowers’ credit scores,” Danielle Douglas-Gabriel, May 29, 2024, <https://www.washingtonpost.com/education/2024/05/29/student-loan-balance-duplicates-credit-reports/>; Washington Post, “Consumers rip into credit bureaus as complaints climb again,” Michelle Singletary, March 17, 2023, https://www.washingtonpost.com/business/2023/03/17/credit-bureaus-consumer-complaints/?itid=lk_inline_manual_18.

11. How many borrowers have had their credit score drop from above 800 to below 800 as a result of this error? How many borrowers have had their credit score drop from above 700 to below 700 as a result of this error?

12. How does your company plan to compensate borrowers harmed by this reporting error?

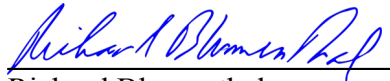
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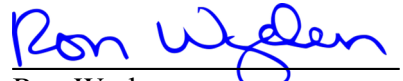
Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator



Richard Blumenthal
United States Senator



Ron Wyden
United States Senator

United States Senate

WASHINGTON, DC 20510

August 8, 2024

Christopher A. Cartwright
President & Chief Executive Officer
TransUnion
555 W. Adams Street
Chicago, IL 60661

Dear Mr. Cartwright:

We write in light of alarming reports that NelNet, the Higher Education Loan Authority of the State of Missouri (MOHELA), and Experian—one of the nation’s three largest credit reporting agencies¹—collectively mishandled a transfer of student loan balances beginning in 2023, causing at least 1.4 million duplicate student loan records to appear on borrowers’ credit reports, reducing their credit score and their ability to obtain mortgages, car loans, and any other credit.²

Over the past few years, tens of millions of student loan borrowers’ accounts have been transferred to new private loan servicers.³ The resulting chaos has been well-documented: borrowers experienced loan servicing errors ranging from “very high” and incorrect payment amounts, to problems accessing loan cancellation programs, to the incomplete transfer of more than five million accounts.⁴

To compound these issues, recent reporting by the Washington Post highlights a new disturbing outcome of these transfers: an error in the transfer of accounts from NelNet to MOHELA last year resulted in borrowers’ student loan balances appearing twice on their credit reports.⁵ According to the Post:

¹ Nerd Wallet, “The 3 Credit Bureaus, and Why They Matter to You,” Bev O’Shea, April 18, 2024, <https://www.nerdwallet.com/article/finance/3-credit-bureaus>.

² Washington Post, “How a paperwork glitch is hurting student loan borrowers’ credit scores,” Danielle Douglas-Gabriel, May 29, 2024, <https://www.washingtonpost.com/education/2024/05/29/student-loan-balance-duplicates-credit-reports/>.

³ CNBC, “Nearly 10 million borrowers are about to see a change in student loan service—here’s what that means, the good and bad,” Abigail Johnson Hess, October 18, 2021, <https://www.cnbc.com/2021/10/18/9point8-million-student-loan-borrowers-will-have-servicer-switched-by-2022.html>; American Prospect, “Student Borrowers Report Chaos and Confusion as Repayment Looms,” David Dayen, August 31, 2023, <https://prospect.org/education/2023-08-31-student-borrowers-report-chaos-repayment-looms/>; Consumer Financial Protection Bureau, “Office of Research blog: Update on student loan borrowers as payment suspension set to expire,” Thomas Conkling and Christa Gibbs, June 7, 2023, <https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-update-on-student-loan-borrowers-as-payment-suspension-set-to-expire/>.

⁴ Office of Senator Elizabeth Warren, “SERVICING SCANDALS: STUDENT LOAN SERVICERS’ FAILURES DURING RETURN TO REPAYMENT,” p. 10, April 2024, <https://www.warren.senate.gov/imo/media/doc/Loan%20Servicer%20Report%20PDF.pdf>.

At least 1.4 million duplicate student loan records are appearing on credit reports.... [T]he number of affected people could be far greater as the problem is pervasive. Many borrowers have no idea this is happening, even as their credit score — a critical factor in determining how much you pay for car loans and mortgages — has declined.⁶

Reports suggest that these errors remain unresolved for an untold number of borrowers.⁷

These glitches can lower a borrower’s credit score, affecting their ability to take out loans, buy a car, or purchase a house. In some instances, the errors have resulted in \$300,000 balances accidentally appearing twice on credit reports.⁸ Borrowers have spent countless hours⁹ trying to resolve these issues. And all the while, MOHELA, NelNet, and the credit agencies have pointed fingers at each other, further delaying relief. When one borrower filed a dispute with Experian, she was told “nothing could be done.”¹⁰ After that same borrower reached out to Nelnet, she was told to contact MOHELA; MOHELA then told her to contact Nelnet.¹¹ Unsurprisingly, approximately 500 credit reporting complaints have been submitted to the Education Department (ED) since December 2023.¹²

These credit reporting errors suggest that MOHELA, which has a long history of mistreating borrowers, has failed once again. Just this spring, ED announced that it would begin transferring over one million of MOHELA’s borrower accounts to other federal student loan servicers, after MOHELA more than tripled in size between February 2020 and January 2024.¹³

The credit reporting agencies also likely bear some responsibility for these ongoing problems. According to the Washington Post, “the Education Department wants the servicer receiving the student loan to submit a file — known as an L1 segment — to the credit agencies signaling the debt transferred from another servicer and the prior history should be retained. The problem is

⁵ Washington Post, “How a paperwork glitch is hurting student loan borrowers’ credit scores,” Danielle Douglas-Gabriel, May 29, 2024, <https://www.washingtonpost.com/education/2024/05/29/student-loan-balance-duplicates-credit-reports/>.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ Home Room, “Update for MOHELA student loan borrowers,” blog post, U.S. Department of Education, April 29, 2024, <https://blog.ed.gov/2024/04/update-for-mohela-student-loan-borrowers/>; Business Insider, “More than 1 million student-loan borrowers could soon be transferred to a new company after their servicer requested a lighter load, the Education Department says,” Ayelet Sheffey, April 29, 2024, <https://www.businessinsider.com/student-loan-borrowers-being-transferred-from-mohela-to-new-servicers-2024-4>.

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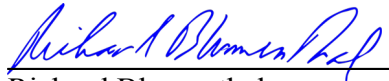
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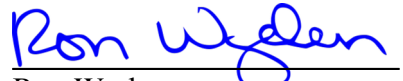
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