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ATTORNEY GENERAL SLATERY JOINS BIPARTISAN COALITION FIGHTING FOR STUDENT BORROWERS

Nashville- Tennessee Attorney General Herbert H. Slatery III today joined a bipartisan coalition of 32 attorneys general defending the states' vital ability to enforce state and federal consumer protection laws against student loan servicers. In an amicus brief filed in the United States Court of Appeals for the Third Circuit, the attorneys general argue that the case brought by the Commonwealth of Pennsylvania against student loan servicer Navient for exploiting student loan borrowers should be permitted to go forward in the federal courts.

"States have unique expertise in the enforcement of consumer protection laws," said General Slatery. "Tennessee will continue to hold companies in the student loan industry accountable if they engage in business practices that violate state and federal laws."

While more than 92 percent of the \$1.5 trillion in outstanding student loan debt is owned or guaranteed by the federal government, the day-to-day management of student loans is administered by a variety of private student loan servicing companies. Congress intended that these loan servicers serve the best interests of students. And state laws ensure that student loan servicers — like any other business — operate honestly in dealing with consumers.

However, in 2017, Navient — one of the nation's largest student loan servicers — was sued by Pennsylvania for engaging in various unfair and deceptive business practices. These practices included steering borrowers into forbearance rather than more favorable income-based repayment plans, misleading borrowers about when they needed to file annual certifications to remain enrolled in certain repayment plans, and consistently making payment processing errors that resulted in unnecessary fees and penalties. Pennsylvania's complaint included claims under its state unfair and deceptive business practices statute, as well as under the federal Consumer Financial Protection Act (CFPA).

Navient moved to dismiss the lawsuit in December 2017 claiming the federal Higher Education Act preempted Pennsylvania's state-law claims, and that Pennsylvania could not bring claims under the federal CFPA because the Consumer Financial Protection Bureau (CFPB) had already sued Navient. After the district court denied the motion, Navient appealed to the United States Court of Appeals for the Third Circuit.



Herbert H. Slatery III Attorney General & Reporter

The 32 attorneys general are supporting Pennsylvania's lawsuit arguing that states have a substantial interest in protecting their residents from all unfair and deceptive business practices committed by businesses operating within their borders, including federal student loan servicers.

Tennessee is joined by New York, Alaska, California, Colorado, Connecticut, Delaware, Hawai'i, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Oregon, Rhode Island, South Dakota, Vermont, Virginia, Washington, Wisconsin, and the District of Columbia in filing the amicus brief which can be viewed here:

<https://www.tn.gov/content/dam/tn/attorneygeneral/documents/pr/2019/pr19-33-amicus.pdf>

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