

# FACT SHEET: FINANCIAL AID CONSULTANTS & SCHOLARSHIP SEARCH SERVICES

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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 are *not* the same as financial aid administrators. 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.

## TEN TIPS TO AVOID GETTING SCAMMED BY A CONSULTANT

Before you pay for the services of a financial aid consultant, remember:

1. A financial aid administrator performs these same services - free of charge!
  - Contact the Financial Aid Office at a local college or university or the reference librarian at the 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 catalogs are also good sources of information.
2. The Internet is an excellent way to obtain free student financial assistance information. In particular, the U.S. Department of Education’s website provides aid information at: <http://studentaid.ed.gov>.
3. You may complete the FAFSA free of charge on the U.S. Department of Education’s FAFSA website at: <https://fafsa.ed.gov>.
  - If you or your family paid a fee to someone to complete your FAFSA or assist you in completing your FAFSA, the consultant should sign the FAFSA as a preparer.
  - After the preparer signs the FAFSA, review and sign the FAFSA and mail it yourself before the required deadline.
  - The consultant’s fee should be refundable if he or she completes the FAFSA incorrectly.

4. Never sign a blank form. You are legally responsible for the information on your FAFSA.
5. As with all important documents, keep copies of the FAFSA and other applications, forms, and correspondence for your files, even if someone has assisted in their preparation.
6. Never agree to a fee based on the percentage of aid that you receive.
7. A financial aid consultant cannot guarantee you will receive grants or any other type of financial aid.
8. Before hiring a consultant, request a list of references and be sure to contact those references.
9. 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.
10. Check the legitimacy of a financial aid consultant or scholarship-search organization on these web resources:
  - U.S. Department of Education's "Avoiding Scams" page – [www.studentaid.ed.gov/types/scams](http://www.studentaid.ed.gov/types/scams)
  - Federal Trade Commission – [www.consumer.ftc.gov/articles/0082-scholarship-and-financial-aid-scams](http://www.consumer.ftc.gov/articles/0082-scholarship-and-financial-aid-scams)
  - Better Business Bureau – [www.bbb.org](http://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, while 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 the all of the federal student aid programs is readily available free of charge in any financial aid office or on the U.S. Department of Education's website at: <http://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 any sources of assistance a search service could identify.

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

- FastWeb – [www.fastweb.com](http://www.fastweb.com)
- The College Board – <https://bigfuture.collegeboard.org/scholarship-search>

## REPORTING SCAMS

If you believe you've fallen victim to a scholarship scam or financial aid fraud, file a complaint with:

- The U.S. Department of Education's Office of Inspector General (OIG) by calling 1-800-MIS-USED – <http://www2.ed.gov/about/offices/list/oig/hotline.html>
- The Federal Trade Commission – [www.consumer.ftc.gov/articles/0341-file-complaint-ftc](http://www.consumer.ftc.gov/articles/0341-file-complaint-ftc)
- Your state Attorney General's office – [www.naag.org/current-attorneys-general.php](http://www.naag.org/current-attorneys-general.php)