Beware of Scholarships Scams

Almost 91 percent of all student aid comes directly from the federal and state governments or the school itself using the Free Application for Federal Student Aid (FAFSA). Be wary of any financial aid search company that charges a fee to match students with sources of financial aid. There are no guarantees that the company will find any aid that you can't find yourself.

Proceed with caution if a company:

- Lists a mail drop as a return address or is operating out of a residential address
- Uses excessive hype and claims of high success rates
- Requires up-front money for application fees
- Has typing and spelling errors on application materials
- Lists no telephone number for the business
- Suggests its influence with scholarship sponsors
- Pressures you to respond quickly
- Requests personal information (bank account, credit card or social security numbers)

Use the following questions to determine whether a company is legitimate:

- If the company suggests that large amounts of aid currently are not being used, how does it document the statement?
- How many financial aid sources exist in the company’s database? Does the company maintain its own aid database? Or does it use the database of some other company or service?
- Is there a minimum number of sources provided by the company? Are the listings in the form of scholarships, work, loans or contests? Do they include federal and state programs for which the student will be considered through the regular financial aid application process? Do the sources include institutional scholarships about which the student would be notified once accepted to the college?
- How often does the company update its database? Does the company check to confirm that the source still exists?
- Can the student apply directly to the aid sources provided by the company, or must the student be recommended by a person or group? Are the application fees for the sources provided?
- How long will the student have to wait for the information? Will the list of aid sources be received before application deadlines?
- What characteristics are used to match students with aid sources?
- How successful have previous participants been in obtaining funds from aid sources identified by the company? Is there a list of references that can be contacted for verification?
- Will the company refund the program fee if aid sources are incorrectly matched with the student’s qualifications, if aid sources no longer exist or fail to reply to the student, or if application deadlines for aid sources already have passed when the information is received?

If you have complaints or questions, you should contact:

- your local Better Business Bureau (http://www.bbb.org/us/find-a-bbb/)
- the Federal Trade Commission (www.ftc.gov/scholarshipscams)
- your state Attorney General’s office AND the Attorney General’s office in the state where the company is located (www.naag.org/attorneys_general.php)

If you received and replied through the mail, contact your local Postal Inspector’s office (https://ribbs.usps.gov/locators/find-is.cfm) to report possible mail fraud.