

THE
NATIONAL LAW REVIEW

Student Loan Servicers' Obligations Under Maryland's "Ombudsman Act" Now In Effect

Thursday, October 4, 2018

On September 28, 2018, the Maryland Commissioner of Financial Regulation issued [a notice](#) advising companies servicing student loans of Maryland borrowers to provide their contact information to the state's new Student Loan Ombudsman by November 15, 2015.

Maryland's "Financial Consumer Protection Act of 2018" went into effect on October 1, 2015. The Act imposes a [number of new regulations](#), and also creates the post of Student Loan Ombudsman. Under the Act, all loan servicers engaged in servicing student loans made to Maryland residents must provide the Ombudsman with the name, phone number and e-mail address of the individual designated to represent the servicer in communications with the Ombudsman. The deadline to comply with this requirement is November 15, 2018.

The Ombudsman is charged with receiving and working to resolve complaints submitted by student borrowers. The Ombudsman will also analyze and compile data related to such complaints, and the analysis of that data will be disclosed to the public along with the names of student loan servicers engaging in any abusive, unfair, deceptive or fraudulent practices.

In addition to its responsibilities related to student borrower complaints, the Ombudsman will also [engage in educational efforts](#) with both students and the state legislature. With respect to students, the Ombudsman will help student loan borrowers to understand their rights and responsibilities under the terms of their student loans. The Ombudsman is also directed to establish a student loan borrower education course by October 1, 2019.

The Ombudsman will also provide annual reports to the governor and Maryland General Assembly, along with making recommendations for statutory and regulatory procedures to resolve student loan borrower issues. These recommendations are to include an assessment of whether Maryland should require licensing or registration of student loan servicers.

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