

AI-Driven Student Loan Scams on the Rise: What You Need to Know

June 13, 2025 -A new kind of scam is targeting consumers, and it's powered by artificial intelligence. Across the U.S., cybercriminals are using AI bots to impersonate students, enroll in online college courses, and collect financial aid using stolen identities.

These AI bots can fill out applications, register for classes, and complete assignments, automating their fraud without human involvement. The result: real people are discovering loans in their names for schools they never attended, and thousands of dollars of fraud being committed in their names. As with all identity theft, it is left to the victims to fix their credit after the fraud is committed.

The scope of the problem is staggering. California community colleges flagged over a million suspicious applications in 2024, with more than 220,000 likely fraudulent enrollments.

The fallout for victims is frustrating and slow. Even those who monitor their credit and protect their identity can spend years unraveling the damage.

The best way for consumers to protect themselves is to freeze your credit files with the three major credit bureaus (Equifax, Experian, TransUnion). This blocks new loans or accounts from being opened in your name.

Monitor your credit reports regularly for unfamiliar activity. You're entitled to one free report from each bureau annually but it should be pointed out that credit monitoring only provides you notification after you have become a victim of fraud.

Guard your personal information and avoid sharing sensitive data over unsecured or unfamiliar websites. And if you find any suspicious student loan activity on your credit report, immediately notify the Federal Student Aid Information Center and credit agencies.

In response to the surge in fraud, the U.S. Department of Education now requires government-issued ID verification for first-time aid applicants. But stronger protections and public awareness are still badly needed.

by Jim Malmberg

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