How to Avoid Scholarship Scams

Seven steps for avoiding scholarship scams that offer free and easy scholarship money to pay for college.

1. When in doubt about the validity of a scholarship, ASK YOUR HIGH SCHOOL COUNSELOR!

High School counselors are given up to date information and training on current scholarships and grants. Further, they have resources where they can check to validate the scholarship. When in doubt of anything, check with your counselor.

2. If you don’t recognize the company name or don’t remember applying to the scholarship program, don’t blindly agree to accept the award.

It’s highly unlikely that a legitimate company will contact you and offer you free money out of the blue. At the very least, search the company or scholarship name online and see if it’s legitimate. Pay attention to negative comments or complaints, and find out exactly what is being offered (and what is required from you) before continuing.

3. If you are unsure about what is being asked on a scholarship application, investigate before sharing any personal information.

Take a few minutes to read through the official scholarship requirements, privacy policy and the terms and conditions when applying for a scholarship. Pay attention to how your personal information may be used and whether or not it’s protected by the scholarship provider.

4. Never agree to pay for a scholarship, even when the payment is supposedly being used for application fees or taxes.

With few exceptions (such as talent competitions and programs requiring portfolio reviews), scholarship providers do not charge fees. If you win a scholarship, you (or your school) should receive a check. Any other arrangement should make you highly suspicious. Legitimate scholarships are provided to assist students in paying for college, not to earn fees.

5. Never provide your credit card number in exchange for the guarantee of a scholarship.

As noted, you should be receiving money as the result of winning a scholarship, not being asked to "reserve" or "guarantee" your award. Any other request or claim should automatically raise suspicion.

6. Be wary of companies requiring a Social Security number at the time of application.

Always remember: your Social Security number is the gateway to your identity. Unless you are actually receiving money, you should not have to give it to a scholarship provider. If you do win a scholarship, you may be asked to provide your Social Security number as part of the proper reporting of the award to the Internal Revenue Service. You may find some scholarship applications request your Social Security number for validation purposes (e.g., to check your credit to make sure you are not delinquent on student loans). In these cases, we suggest you contact the scholarship provider and discuss your discomfort in supplying your SSN. Ask if you can be excused from providing it (or provide only a partial number, such as the last four digits) until such time that you win the award and they need it for tax or award verification purposes.

7. Don’t believe scholarship search companies that guarantee you a scholarship.

Because the search companies are not in charge of selecting scholarship winners, they cannot guarantee you will receive a scholarship. Companies making such promises are not to be trusted; steer clear.

References for scam protection with scholarships & grants

Federal Student Aid:  www.studentaid.ed.gov/PORTALSWebApp/students/english/isa.jsp

Federal Trade Commission:  www.ftc.gov/scholarshipscams