

# 3 Signs a Scholarship Opportunity May Be a Scam

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The New York-based School Guide newspaper reports that [350,000 families fall victim to scholarship fraud](#) each year, losing about \$5 million. The best way to avoid these scams is to learn how to identify them quickly. Here are some warning signs to look for when applying for scholarships:

## Asking for Money Upfront

**If you're required to give money before you receive money, then it's probably a scam.** However, there can be some confusion here because there are legitimate services that offer to help you find scholarships for a fee.

According to the [Federal Trade Commission](#), there are some companies that lawfully require a fee to gain access to a list of scholarships, to create a curated list of award opportunities for a particular student or to compare a student's profile with a database of scholarships.

**The difference between these companies and a scam is that a scam will guarantee you'll receive money in exchange for a fee. Legitimate companies don't guarantee anything.** And that "guarantee" probably comes with stipulations that make it nearly impossible for you to get your money back. While it may not make financial sense to use a fee-based service when you can find most of the information you need for free, it is legal. **Some scams may also offer to complete the entire scholarship application process on your behalf for a fee. "If someone says they'll do all the work for you, know that it's a bogus deal,"** says Lynette Khalfani-Cox, cofounder of [AskTheMoneyCoach.com](#) and author of [College Secrets: How to Save Money, Cut College Costs and Graduate Debt Free](#). **"A real scholarship provider won't want some third party to fill out your applications and write your essays for you."**

## The Use of High Pressure Sales Tactics

**One example is a free seminar promising to provide information about specific scholarships and financial aid.**

According to [The College Board](#), these seminars are usually long sales pitches to get students to sign up for a consulting service or an expensive education loan. At the end of the seminar, presenters use high-pressure tactics to urge participants to purchase whatever they are offering by warning that spots are limited or the offer will soon expire. **You should also be wary if someone offers exclusive access to a particular scholarship.** This is just another sales tactic because any scholarship information you need to know is readily available for free. **All you have to do is visit the [U.S. Department of Labor's scholarship search tool](#) to find information on scholarships, grants and fellowships.**

## Asking for Your Social Security Number

**Scholarship applications may ask for a lot of information depending on the type of award, but typically scholarship applications will not request your Social Security number (SSN).**

"Legitimate scholarship providers will typically ask for your full name, age or grade level, contact information and they'll want you to supply the elements of a scholarship application," says Khalfani-Cox. Those elements may vary depending on the type of scholarship, but they generally include essays, letters of recommendation, test scores and extracurricular activities. Khalfani-Cox notes that **a Form W-2 may be required in some instances, especially as proof of income, for scholarships aimed at low-income students. If that document is required, she suggests blacking out your SSN.** The bottom line, explains Khalfani-Cox, is if a scholarship provider asks for your SSN, it's probably not legitimate.

"There's absolutely no reason to have to give up your Social Security number on a scholarship application," she says.

## What If You're Still Unsure?

While there are companies out there who are trying to prey on students looking for scholarships, they are pretty easy to spot once you understand how they operate. If any of these red flags pop up, know that you're better off walking away. If you have any further questions or feel unsure about a scholarship opportunity, contact your school's financial aid office and ask if they've ever heard of the award in question. The more informed you are, the less likely you are to fall victim to fraudulent scholarships.