



Student Loan Tips

Student Loan Denied? Here's What to Do Next

If your student loan application was denied, don't panic. Learn why it happens and how you can still get the funding you need for college.

By **Jen O'Donald** / June 2, 2025

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Getting denied for a student loan can feel like a setback — especially when you're counting on that funding to stay enrolled. But the good news is that a denial doesn't mean you're out of options. In fact, many students who are initially declined for a private loan go on to secure funding through a second-look program or by reapplying with changes to their application.

Why are student loan applications denied?

Private lenders decline loan applications for a few common reasons: a low credit score, limited income, high debt-to-income ratio, or lack of a cosigner. Most undergraduate students don't have enough credit history on their own, so applying without a cosigner can often result in a denial.

Start by reviewing the denial notice. Private lenders are required to give you a reason why you weren't approved. That insight can help you figure out what needs to change. Common reasons include:

- Low or limited credit history
- High debt-to-income ratio
- No cosigner (or a cosigner who doesn't meet requirements)
- Unstable or insufficient income

Once you understand the reason, consider your options.

Apply with a creditworthy cosigner.

If you didn't include a cosigner on your original application, adding one could make a big difference. A strong cosigner — like a parent or guardian with good credit — can help you get approved and secure a lower rate.

Improve your credit profile.

If your credit is the issue, work on paying bills on time, reducing debt, and avoiding new credit inquiries. Over time, your score will improve — and with it, your chances of loan approval.

Talk to your school.

Your financial aid office may be able to offer short-term payment plans, emergency grants, or other advice to help you stay enrolled.

Explore all your resources.

Some students consider alternative financing options like income-share agreements or borrowing from family. Many borrowers also consider a personal loan or credit to cover the gap but most of these options don't offer the same protections or structure as a student loan.

Look for a second-look option.

Some lenders, including GradBridge, specialize in **second-look student loans** — designed specifically for students who came close to approval at another lender but didn't quite qualify. These programs offer a second chance, with responsible lending terms and a focus on helping students complete their education.

If you qualify, **second look student loans** are much better options than a personal loan or credit card because they are lower interest rates than credit cards, have deferred payment or low payment options while in school (vs having to immediately repay the loans) and the term to pay off your loan is much longer than a typical personal loan.

A student loan denial isn't the end of the road. With the right adjustments — and a second-look option like GradBridge — you can still secure the funding you need to stay in school and graduate.