

# Student loans - a guide to terms and conditions

2010/2011





# Contents

1 Introduction	04
2 How student loans work	06
3 Your responsibilities	10
4 What you will repay	12
5 Repaying through the tax system	15
6 Yearly statements	19
7 Coming to the end of repaying your loan	20
8 Moving abroad	21
9 What happens if you don't make your repayments?	22
10 What to do if you are not satisfied	23
11 Useful contacts	24
12 Summary	26

# 1 Introduction

## Who is this guide for?

This guide applies to students who take out government loans during Academic Year 2010/2011 to support their study at higher-education institutions in England, Northern Ireland, Scotland and Wales. It explains what you are committing yourself to when you take out a loan, and it is important that you carefully read and understand this information. Please keep a copy as it provides information that you will need until you have finished repaying your loan.

## This guide is for students who:

- are starting on approved full-time higher education courses at or below first-degree level;
- are starting or continuing on Initial Teacher Training (ITT) courses;
- are already on these courses (as long as the course started no earlier than the 1998/1999 academic year, with some exceptions – see below);
- already have one or more loans for part-time study (from the 2004/2005 academic year, support for part-time students is in the form of grants);
- have qualified for a hardship loan (as long as the course started after the 1998/1999 academic year, apart from the exceptions opposite).

This guide does **not** apply to people with student loans who:

- started their course in 1997/1998 or earlier;
- started their course in 1998/1999 but were classed as a gap-year student;
- could not start their course in 1997/1998 because their A level (or equivalent) grades were not good enough, but who were able to start a course in 1998/1999 after having their grades raised as the result of an appeal; or
- started their degree course immediately after completing an HND or Dip HE course in 1997/1998, 1998/1999 or 1999/2000.

If you fall into these categories, you will have taken out fixed-term (sometimes known as 'mortgage style') loans. You will find the terms and conditions for these loans in the loan agreements you signed when you took the loans out.

If you are not sure if this guide applies to you, ask Student Finance England if you live in England, your local authority (LA) if you live in Wales, your local Education and Library Board (ELB) if you live in Northern Ireland, or the Student Awards Agency for Scotland (SAAS) if you live in Scotland (see pages 24–25 for contact numbers).

# 1 Introduction

You will find full details of the conditions for receiving student loans in the relevant Student Support Regulations. The conditions for repaying Income Contingent Loans are included in the following regulations (which may be replaced by later regulations).

- For England and Wales, the Education (Student Loans)(Repayment) Regulations 2009 No 407.
- For Northern Ireland, the Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2000 as amended.
- For Scotland, the Repayment of Student Loans (Scotland) Regulations 2000 as amended.

You can buy printed copies of these regulations from a bookshop or order them from The Stationery Office (TSO) Ltd (phone order line **0870 600 5522**, fax order line **0870 600 5533**). Or order them online at **[www.tsoshop.co.uk](http://www.tsoshop.co.uk)**.

This guide provides information about the current terms of your loan and repayment. The regulations may change from time to time and this means the terms of your loan may also change.

Depending on where you apply, your loan contract is with the Secretary of State for Business, Innovation and Skills in England, the Department for Employment and Learning in Northern Ireland, the Scottish Government or Welsh Ministers. The Student Loans Company, which is a non-profit government organisation, is acting as agent. Please see the loan application form for more details.

The Student Loans Company ('we' or 'us' in this document) is responsible for paying the loans and for keeping details of your account, including adding interest, sending you a statement each year and answering questions about your loan. We will be able to give you any updated information about repayments at the time you leave college or university. After that we, the relevant government departments or HM Revenue & Customs (HMRC), will let you know of any changes which affect you by either writing to you or posting notices on our website.

## Further information

If, on reading this guide, you still have questions about the terms of your loan, you may find the repayment website, **[www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)**, helpful. Alternatively you can contact us on one of the telephone numbers given on page 24.

You can download further copies of this guide from the relevant website (details on page 24–25) or by calling our publication line.

## 2 How student loans work

### What are student loans?

Student loans are money provided, while you are at university or college, by the governments of England, Northern Ireland, Scotland and Wales. Student Loans are available to help with living costs such as accommodation, food, books and travel and, where applicable, loans are also available to cover the costs of university tuition fees.

### How are loans paid?

If your loan application is approved, you will receive your Maintenance Loan when the college or university confirms you are attending. Your loan or loans will usually be paid in three instalments, except if your permanent home is in Scotland, and you are studying there, in which case you will be paid in monthly instalments. You can apply for a student loan any time up to nine months from the start of the academic year. However, if you apply late, you may receive fewer instalments, depending on when you apply in the year. Tuition Fee Loans will be paid direct to your university or college.

### When do I start paying back the loan?

You only start repaying your loan after leaving university or college. And you only start repaying it when your income is above the threshold of £15,000 per year (£1,250 a month or £288 a week). Repayments will normally start in the April after you finish or leave your course. However, you can make voluntary payments before or after you leave your course which will reduce your balance earlier.

We will write to you before you start making repayments to tell you how the repayments will be collected. However, we will not collect any repayments before the April after you leave your course. Money that you earn before then will not be taken into account when your repayments are worked out.

You should keep details of your income, such as payslips or P60s. This is similar to the information you will need to keep for general tax purposes and will help to make sure that you repay the right amount. Your payslips and P60s will also show the amount of any student loan repayments your employer takes from your earnings.

When you first start to work or you change jobs, you must tell your employer that you are responsible for making student loan repayments. If your repayments do not start when they should, you should first tell your employer. If your employer cannot sort the matter out, you should contact us (or HMRC) to help you. If you are self-employed, HMRC will be able to advise on how you make repayments. If you are working outside the UK for more than 3 months, please see Section 8 for information on how to make repayments.

## 2 How student loans work

### What interest will I pay on the loan?

Although student loans are contracts which can be enforced by the civil courts, they are not profit making loans. The Government subsidises the actual cost of interest on the loans, so you do not have to pay the same rate of interest that you would be charged if you were to take out a commercial loan (for example, from a bank or building society).

**You will be charged interest on your loan from when you receive your first payment until it has been repaid in full.** The interest will be 'compounded' (that is, added to the total amount you owe) every month.

The interest rate can vary from year to year and most changes are applied from 1st September each year, although changes can happen during the year too. The most accurate and up to date information on interest rates can be found at [www.studentloanrepayment.co.uk/interest](http://www.studentloanrepayment.co.uk/interest). Information is also published in certain newspapers as soon as the rates change.

HMRC update us with details of repayments through the tax system after the end of the tax year. We add these repayments to your loan account as if they were made at the point your employer took them from your salary. It is important that you keep your own records so that you can reconcile what you have repaid over the year. See sections 6 and 7 for more information.

### When will student loans be cancelled?

There are circumstances where your student loan may be cancelled so that you never have to pay it back. This depends on the rules at the time you take out a loan. If you have taken out a student loan in the past for a different period of study, your loan may be cancelled under slightly different circumstances. If you are not sure about the cancellation rules that will apply to your loan, please contact us.

In England, Scotland and Wales, if you entered higher education before 1 September 2006, and have already taken out a student loan for that period of study, your loan plus any interest will be cancelled:

- when you reach the age of 65;
- if you die before you pay the loan off; or
- if you become disabled and because of that disability you are registered as being permanently unfit for work.

In England and Wales, if you entered higher education after 1 September 2006, or if this is the first time you have taken out a student loan for your current period of study, your loan plus any interest will be cancelled:

- 25 years after the April when you first became responsible for paying back the loan (rather than when you reach the age of 65);
- if you die before you pay the loan off; or
- if you become disabled and because of that disability you are registered as being permanently unfit for work.

In Scotland, these conditions apply but your loan, plus any interest, will not be cancelled until 35 years after the April when you first became responsible for repaying the loan.

However, in all cases, you must have made all repayments based on your income until that date. And, in certain circumstances, we may recover any amounts you still owe up to that date.

If you would like to know more about the circumstances in which loans will be cancelled, please visit [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk).

## 2 How student loans work

### What if I am a part-time student?

Loans for part-time students were introduced in the 2000/2001 academic year. These were replaced in England, Wales and Northern Ireland in the 2004/2005 academic year by a new part-time package which is made up entirely of grants which you do not have to repay.

The income-assessed £500 loan for part-time Scottish students was withdrawn in 2008/2009 and was replaced by a part-time Higher Education Grant which is paid through the Individual Learning Account (Scotland) scheme (ILA500). ILA500 provides up to £500 a year towards the fee costs of HNC, HND or degree studies. It can also fund SCQF accredited Professional Development Awards and Continuing Professional Development courses at SCQF level 7-10. The ILA500 learning provider base for ILA500 was extended to include SQA approved learning providers who delivered courses at the same level as colleges and universities (SCQF 7-10)

The ILA 500 offer was extended to include taught postgraduate courses at SCQF level 11 (postgraduate diplomas and Masters degrees). This will be reviewed at the end of 2009-10 session in light of economic conditions.

Further information is available on the ILA Scotland website [www.ilascotland.org.uk/ILA+Homepage.htm](http://www.ilascotland.org.uk/ILA+Homepage.htm) or call the ILA Freephone Helpline on **0808 100 1090**.

If you have one or more part-time loans for the 2003/2004 academic year or earlier, you will have to repay them in line with the terms of this guide.

### What help is there for students with disabilities?

If you live in England and Northern Ireland, you can get advice on the support available to students with disabilities or specific learning disabilities in the guide 'Bridging the Gap: a guide to the Disabled Students' Allowances (DSAs) in higher education'. This guide is published every year and you can download it from the relevant websites;

- England, [www.direct.gov.uk/sfforms10](http://www.direct.gov.uk/sfforms10)
- Wales, [www.studentfinancewales.co.uk](http://www.studentfinancewales.co.uk)
- Northern Ireland, [www.studentfinancenir.co.uk](http://www.studentfinancenir.co.uk)

If you live in Scotland you can get specific advice for students with disabilities in the guide – Helping you meet the costs of learning – Funding for Disabled Students 2009-2010 which is available online at [www.scotland.gov.uk/Topics/Education/Funding-Support-Grants/FFL/funding09-10](http://www.scotland.gov.uk/Topics/Education/Funding-Support-Grants/FFL/funding09-10)



## 2 How student loans work

### **What if I decide to take a further course of study at a later date?**

At some point after completing your first course, you may want to take a further course of study. If you are eligible for, and take out, student loans for this further study, you need to be aware of two important points:

- If your income while you are studying is higher than the loan repayment threshold (explained in section 4), you will continue to make repayments on your original loan.
- Although we will deal separately with the loan for your next course while you are studying, you will only receive one statement each year covering all of your loans. In the April after you have left your second course, your second loan will be added to whatever you owe on your original loan and from that point onwards this will be treated as one loan account.

## 3 Your responsibilities

When you take out a loan, we will ask you to sign a declaration which will be a contract. **This states that you have read and understood the Terms and Conditions.** You must agree to repay your loan in line with the regulations that apply at the time the repayments are due and as they are amended. The regulations may be replaced by later regulations. You must make sure that you provide complete and correct information when you take out the loan. You must tell us about any changes to these details:

- during the application process;
- while you are at college or university; and
- until you have repaid your loan in full.

Your loan agreement is a contract. However, because your loan is classed as 'low cost', it is not covered by the Consumer Credit Act.

### Information needed

For most people, repayments will be collected through the UK tax system by employers taking amounts from people's pay through the pay as you earn (PAYE) system. If you are a self-assessment customer or are self-employed, you will make payments through the tax self-assessment process. If you live abroad, you will be expected to repay your loan direct to us. Sections 5 and 8 cover the process in more detail.

When you take out a loan, you will have to give specific information so that repayments can be collected when they are due. If you do not give us the information we need to collect repayments, you may be charged penalties and asked to pay the costs of finding the information you have not provided.

You **must** provide your National Insurance number (NINO) or explain why you do not have one. We cannot process your application without this. We will ask the Department for Work and Pensions (or the Social Security Agency in Northern Ireland) to confirm this, in order to avoid fraudulent applications. HMRC will also need these details so that they know you have a student loan and can collect repayments, or ask your employer to do so. If you do not have a NINO (or have lost it), you should call HMRC's National Insurance registrations helpline on **0845 915 7006**. However, if your situation is more complicated, contact us and we will try to help.

## 3 Your responsibilities

### Changes in your circumstances

As part of the contract you sign, you must tell us about changes in your circumstances. For example, you must let us know about any changes to your name, home or term-time address, phone number or the details of the bank or building-society account that your loan is paid into.

After finishing or leaving your course, you must continue to inform us about changes in circumstances – for example, if you plan to leave the country, or change your employment status (from employed to self-employed and so on) – so that we can advise you on arrangements for repaying the loan.

**If you do not give us accurate and up-to-date information so that your loan can be repaid, we may make you pay a penalty charge or we could ask you to repay the loan and any interest and penalties in one lump sum.**

You must also let us or your local authority (if you are a student from Wales), your local ELB (if you are a student from Northern Ireland) or the SAAS (if you are a student from Scotland) know if you:

- decide to change your university or college;
- decide to change your course of study;
- get a bursary or scholarship from somewhere (for example, a Department of Health bursary);
- change your home, term-time or parental address;
- change your plans on whether or not to live in your parental home, halls of residence, lodgings or your own home during term time;

- change the academic year in which you will begin your course;
- know that the start or end dates of your course have changed;
- do not begin to study, leave your course or are expelled;
- are absent from your course for more than 60 days because of illness;
- are absent for a period for any reason other than illness; or
- are 25 or over at the beginning of the academic year, or you get married and your name changes.

### Changing jobs

When you change jobs, your previous employer should give you a P45 with a 'Y' in the 'Continue Student Loan Deductions' box. Your new employer will start to make student loan deductions from the first available pay day (if your income is above the threshold). If you do not have a P45, your employer will ask you to fill in a P46 form which has a tick box to show if you have a student loan.

You must tick this box if you have finished or left your course and it is after 6 April of the tax year after you left university or college. For more information about repaying through the tax system, please see section 5. Section 9 gives more information about what could happen if you do not make your repayments or keep to your responsibilities.

## 4 What you will repay

The amount that you repay will be based on your income after you have finished or left your course. This is known as an ‘income-contingent’ repayment. You will not normally have to make any repayments while you are studying. However, if you go on to do a further course, you may have to repay a loan relating to an earlier course if your income is more than the level explained below.

The amount is worked out as follows. There will be an income level (a threshold) below which you will not have to make any repayments at all. The threshold from 6 April 2005 is £15,000 gross income (income before deductions) each year. This is roughly equal to an income (before deductions) of £1,250 a month or £288 a week.

If your gross income is above £1,250 a month or £288 a week, you will have to make repayments. You repay 9% of your income above this threshold. A different limit may apply if you move to live in a country outside the UK.

Section 8 explains this in more detail.

### How much you will repay

If your income falls below the threshold, you will not have to make any repayments. Otherwise, examples of what you may have to repay are given in the table. Your employer will round down the amounts they take from your pay to the nearest pound.

Income each year before tax	Monthly salary	Monthly repayment
up to £15,000	£1,250	£0
£16,000	£1,333	£7
£21,000	£1,750	£45
£24,000	£2,000	£67
£27,000	£2,250	£90
£30,000	£2,500	£112

## 4 What you will repay

The following examples show what your repayments would be depending on your income and whether you pay tax through PAYE or self-assessment.

<b>A</b>		<b>B</b>	
<b>Monthly repayments made through your employer</b>	<b>Each month</b>	<b>Yearly repayments made through self-assessment</b>	<b>Each year</b>
Earned gross income in month	£1,500	Self-employed profits	£13,000
Unearned income	£0	Unearned income (for example, dividend income from shares)	£6,000
Total monthly gross income	£1,500	Total gross income each year	£19,000
Monthly income threshold	£1,250	Income threshold	£15,000
Income on which repayments are due	£250	Income on which repayments are due	£4,000
Monthly repayments (9% x £250)	£22	Yearly repayments (9% x £4,000)	£360

If you are employed, your repayments will normally be taken each week or month from your pay. We give more details about how this will work on page 12. This means that if you are paid each month and your monthly pay stays the same during the year, the amount you repay in one year will be taken in 12 equal instalments. Remember though, if your salary changes each month (for example, because of overtime), the amount you will repay will also change. You do not have to make any repayments if you earn £15,000 or less a year, and only earnings over this amount will be taken into account.

### Making extra repayments

Whatever you earn, you can pay off your loan more quickly by making extra repayments voluntarily. You can do this by sending us a cheque, quoting your reference number. You can also pay by standing order, debit or credit card, postal order or bank giro credit. If you want to, you can make repayments before the start date for repayments in the April after you finish or leave your course.

If you do choose to make extra repayments, you will pay your loan off more quickly. However, you should remember that this is voluntary and **so will not affect the repayment amount collected through the tax system**. So, if you are employed, your employer will still have to take amounts from your salary. If you are a self assessment customer, you will still have to pay the amount due based on your income for the year. You cannot get a refund of any amounts you repay voluntarily, unless you have finished paying off your loan and paid too much.

When you are near the end of your repayments, we will contact you to discuss moving to repaying by direct debit for the last 12–24 months. This is a voluntary scheme which means that you can opt out of making your repayments through PAYE and can make agreed direct debits directly to the SLC. More information is given in Section 7.

### Over Repayment

If you overpay your loan and pay back more than you actually owed, you will receive a refund, including interest at the same rate as we charge on your loan.

## 4 What you will repay

### Refunds

It is possible that you will make some repayments during the course of a tax year even though your total income for that year is less than £15,000. This would happen if, for example, your monthly income was more than £1,250 (the monthly equivalent of the £15,000 yearly income threshold) but you only worked for a few months of the year. It might also happen if your income changed from month to month (for example, if you received a bonus). You can apply for a refund in a situation like this.

We will not make refunds unless you ask us to do this. And, we will be unable to make refunds until HMRC have confirmed your total earnings and total repayments after the end of the tax year.

Of course, you may not want a refund because any repayments you have made will reduce the amount you owe so you will pay off your loan more quickly.

We do not refund any payments that you have made voluntarily.

### If you are disabled

If you are disabled, any disability benefits that you get will not count towards the £15,000 income threshold, even if they are taxable.

### Proposed partial cancellation of Maintenance Loans from 2010/11 for Welsh domiciled students only

In March 2009 the Minister for Children, Education, Lifelong Learning and Skills announced a debt relief scheme to provide extra assistance with student debt for all Welsh domiciled students. The following will apply subject to there being no objection from the National Assembly for Wales.

All new and continuing Welsh domiciled students who take out a Maintenance Loan in 2010/11, including continuing students who were unable to benefit from the Tuition Fee Grant in previous years, will be provided with debt relief of up to £1,500.

You should consider the following information:

- a partial cancellation will only be available for students who take out Maintenance Loan in 2010/11.
- there will be no partial cancellation applied to a Tuition Fee Loan.
- eligibility will be automatic – once you are earning over £15,000 per year and your first compulsory repayment has been received, the balance of your loan will be reduced.
- the partial cancellation will be £1,500 unless you have taken out a smaller Maintenance Loan. For example if you have a Maintenance loan of £300, you will receive debt relief of £300.
- interest will continue to accrue on your total loan until the first repayment has been received by HMRC (or by the Student Loan Company if you are an overseas borrower). At that point interest will accrue on the balance of your loan minus the partial cancellation.

However, you will not be eligible for a partial cancellation if you;

- have outstanding charge or penalties in relation to your loan
- are in breach of your student loan agreement

## 5 Repaying through the tax system

### Making repayments through the PAYE scheme

If you are an employee paying UK tax, your employer will take repayments from your pay, at the same time as they take tax and National Insurance contributions. Your employer will take the repayments from your salary and these will be shown on your payslip.

We will tell HMRC when you finish or leave your course and will give them details, such as your name and National Insurance number. HMRC will check to see if you are working and if you are, they will tell your employer that you have a loan (but not how much).

Employers may also be told that they need to make deductions through normal tax forms. When you change your job or start work for the first time, you will have to give your new employer a P45 or a P46 form to fill in. These both have a section to let your new employer know they need to start taking amounts for student loans. If you have a P45 form from a previous job, your last employer should have put a 'Y' in this box for you. On the P46 form, there is a box which you must tick if it is after 6 April of the tax year after you left or finish your course, so that your employer will know that you are due to repay your loan.

### How do employers know how much to take from your pay?

HMRC will give your employer information so they can work out how much to take from your pay. If your pay is above the threshold in the pay period, your employer will take the repayments and pass them on to HMRC. After the end of each year, your employer sends an annual return to HMRC which tells HMRC the amount of student loans that have been deducted from your earnings during the year. Your employer will send details of your repayments to HMRC at the end of each tax year.

HMRC takes this information from your employer's annual return and lets us know the amount of the repayments that have been made. We will then update your account. **It will take some time after the end of each tax year to update your account** because of the large numbers of end-of-year returns from employers each year.

However, the repayments you have made will be used to pay off your loan for the right year – usually in 12 equal instalments. We will make sure the correct amount of interest has been added to your account, and you will not pay any extra interest even if your repayment details take some time to reach us.

It is important to understand that repayments taken by your employer will be worked out on 'individual pay periods' and not on your total income for a whole year. (If you receive tax credits, these do not count as income for working out your student loan repayment.)

HMRC will only know the total that your employer has taken over the whole tax year when they receive your employer's annual return with that information. The scheme works in a similar way to tax deductions. **You need to keep track of what is being taken from your pay each month, because neither we or HMRC will know what you still owe on your loan until your employer has made their annual return to HMRC and HMRC have passed the information to us.**

## 5 Repaying through the tax system

### Employees who are asked to make self-assessment returns by HMRC

If you are an employee who also receives a tax return under the self-assessment (SA) system, you may have to make some loan repayments with the return, as well as those taken by your employer. The total amount of student loan you have to repay for the year will be based on your total income for the year – that is, all your appropriate PAYE income plus any extra self employed income and any unearned income (if it is above £2,000 a year). You can claim credit in your tax return for any student loan amounts your employer has already taken during the year so you do not repay too much.

Like PAYE, the SA system will work out your loan repayments based on your income above the £15,000 threshold, at a rate of 9%. Any SA payment will be due on 31 January following the tax year of your assessment. You can find information on how to fill in your SA return in the guidance and booklets provided by HMRC. If HMRC do not send you a tax return, you will not have to make further repayments on top of those your employers are already taking. You can, at any time, choose to pay off your loan more quickly by making voluntary repayments.

### What happens if I am self-employed?

If you are self-employed, you will have to send HMRC a tax return each year under the SA system. Your student loan repayments will be due as part of your SA bill for your tax. The student loan repayment will be based on all your gross income over £15,000, including all your unearned income (for example, dividend income from shares) if it is more than £2,000 a year. There are some general points to remember when working out your income each year.

- The income of your husband, wife, partner, parent or any other relative will not be taken into account.
- Income from Child Benefit and disability benefits, including Employment and Support Allowance, will not be taken into account.
- Tax credits will not be taken into account.
- If you make voluntary repayments, you will still have to make repayments through the SA system.



# 5 Repaying through the tax system

## Living abroad

If you do not pay UK tax because, for example, you live and work abroad for a non-UK employer, you must tell us, and make arrangements to make your repayments direct. **If you don't, we can charge penalties on your loan and where necessary, ask you to repay the full amount of loan, plus interest and penalties in one lump sum.**

We will ask for details of your income and, if you are responsible for making repayments, we will work out how much these should be.

The amount you have to repay each month will be fixed each year and will be worked out by following similar rules to those that apply to UK taxpayers. However, it is possible that the earnings threshold will not be the same as it is in the UK. It could be higher or lower, depending on which country you live in – see table in Section 8.

We will ask you to make repayments in pounds sterling. You will have to pay any charges your bank makes to transfer funds to us. Please see section 8 for more information.

## What happens if my employer goes out of business or does not pay my deductions to HMRC?

As long as you have evidence that deductions have been taken (in other words, payslips), we will credit the full amount of the repayments to your account.

## Sharing Information

HMRC can legally give us information about your repayments. However, HMRC cannot give us any information about your tax affairs, as these are confidential. Also, neither your employer or HMRC will receive any details about your loan account, other than that you have a loan. The Data Protection Act covers personal information passed between us, HMRC and the Department for Work and Pensions.

## Other deductions from earnings

There may be other deductions from your income that will need to be considered when your repayments are worked out. For example, if a court or a local authority has placed an Attachment of Earnings Order (AEO) on you, or if the Child Support Agency has placed a Deduction from Earnings Order (DEO) on you.

If one of the orders is to collect Council Tax or Community Charge, your employer will not take student loan repayments until that order has been cleared. Orders to collect child support, fines or maintenance are dealt with before the student loan amount. And, the amount of student loan taken may be limited so that your take-home pay (your pay after deductions) does not fall below any protected level set by the court. Any court orders to collect other debts are dealt with after the student loan amount has been taken.

In Scotland, if your employer has to keep to any earnings arrestment (this means where your money can be taken to stop you repaying one debt before another) or deduction of earnings order, they will not take any student loan repayments.

# 5 Repaying through the tax system

## Repayment Holidays

If you live in England and the following conditions apply, you will have the option of taking a Repayment Holiday (a break in making your student loan repayments) when it is time to start repaying your loan:

- You started a higher-education course in 2008/09 or later; and
- This is your first student loan; and
- You have a repayment start date of April 2012 or later

If you are eligible, you will be able to take one or two years off repaying your loan from April 2012 onwards. Repayment Holidays must be within tax years.

Any time you take as a Repayment Holiday will extend the usual 25-year repayment period by the length of the break you take. So if you were to take a Repayment Holiday lasting two years, your student loan would be written off after 27 years, rather than after 25.

## Repaying more than one type of loan

There are two types of loan – an income-contingent loan and a fixed term loan (taken out before 1998 for a previous course). If you have both kinds of loans, you will normally have to repay the loans you took out for each course in line with the normal terms and conditions. This means that you may have to repay your fixed-term loan and your income contingent loan at the same time. If so, your total repayments will be higher than if you only had one type of loan.

## Continuing Trainee teachers on Postgraduate Certificate of Education courses (PGCE)

Different arrangements will apply to trainee teachers on PGCE courses **which commenced prior to 2010/11** who have both types of loan. If this applies to you and you are a PGCE student with a fixed term loan from your first degree, and you take out an income contingent loan for your PGCE, you will only have to pay off one loan at a time. Usually, once you are working, you will start by paying off your income contingent loan. However, the repayments will stop when you are earning enough to start fixed-term repayments. You will then repay your fixed-term loan until it is fully paid off. At this point the income-contingent repayments will start again.

## 6 Yearly Statements

The student loan system has been set up to use the tax system to collect your repayments. As a result, we can only update your account once a year, after we have received your repayment file from HMRC.

Once you have started to make repayments, you will receive a statement as follows.

- If you are making all of your repayments through your employer using the PAYE system, you will get a statement at some point after the end of the tax year. If you have more than one job, you may receive more than one statement for a tax year. These statements will be clearly identified as the 'interim statement' and the 'final statement'. This is because we may be told at different points about your loan repayments from your different jobs.
- If you are making repayments direct to HMRC through the SA system, you will receive a statement in the April following the return date. In other words, if the return date is the end of January 2009, we will issue a statement at the end of April 2009. However, if you are late with your self-assessment return, we will issue your statement at the end of the month that HMRC let us know about your earnings.
- If you are outside the UK tax system (for example, if you live and work abroad), you will receive a statement shortly after 5 April each year.

This means statements will arrive some time after the end of the tax year, and will only include payments made up until the end of that year.

If you contact us part-way through the year, we will not have records of the repayments that you have made since we last received your file from HMRC. However, if you keep your statement, along with your P60 and your payslips (which contain details of each of your repayments), you can use these to work out how much you have left to pay. If you have any questions about your account, or would like help to work out how much you have left to pay, visit [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk) or call us on the number shown on page 21.

You must make sure that you have your payslips and customer reference number to hand when you contact us.

## 7 Coming to the end of repaying your loan

In the last 23 months of repaying your loan you can swap to repaying by direct debit. We will try to contact you shortly before his time to offer you this option. However, if you know you are getting near this point, you can get in touch with us to arrange to repay your balance in this way.

You will then have to pay your direct debit every month on the agreed date. If you fail to do this we may remove this option and you will have to go back to repaying your loan through PAYE.

To find out more about the direct debit scheme go to **[www.studentloanrepayment.co.uk/directdebit](http://www.studentloanrepayment.co.uk/directdebit)**.

It is important that you keep an eye on your own repayments so you know when you are due to finish repaying or there is a chance that you could over repay.

Your payslips will give you a regular update of what you are repaying and your P60 form will show you total repayments in a given year. As we do not get this information until after the end of the tax year, it is important that you keep hold of them, just as it is important to keep them safe for tax purposes.

When you are near the end of your repayments, we will contact you to discuss moving to repaying by direct debit for the last 12–24 months. This is a voluntary scheme which means that you can opt out of making your repayments through PAYE and can make agreed direct debits directly to the SLC. This will ensure that you don't over repay your loan, which can happen due to the system used. However, if for any reason you default on this scheme, your payments will revert to PAYE.

If you decide not to use this scheme, you will continue to repay through PAYE and if you do not monitor your own repayments (through your payslips), you may over repay your loan. If you do, this will be refunded to you, plus any interest you incurred at the time.

Though we will do everything we can to make sure that you do not overpay at the end of your loan, if you have not contacted us to set a date to stop the repayments or to make alternative repayment arrangements, you will probably overpay.

If this happens, you will receive a full refund of the overpayments together with interest. We will repay interest at the same rate as it is charged to your account and the repayment will be tax-free. We are continually working on improving the end of the repayment process. Go to **[www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)** for more information.

## 8 Moving abroad

### **You must tell us if you are moving abroad.**

If you do not pay UK tax or you plan to leave the UK after you finish your course (whether this is temporarily or because you live in another country), you will make repayments direct to us. You must let us know before you leave the UK. **If you don't do so, we can charge penalties on your loan and where necessary, ask you to repay the full amount of loan, plus interest and penalties in one lump sum.**

We will ask for information about your earnings and give you your monthly repayment schedule under your contract with the Secretary of State, the Department for Employment and Learning in Northern Ireland, the Scottish Government or Welsh Ministers.

### **Working out the repayment**

Your monthly repayment schedule is worked out using the same rules as for those who stay in the UK. So, you will repay 9% of your earnings over the repayment threshold. We will write to you with full details when you get near to the end of your course.

### **Repayment threshold**

To take account of differences in living costs, the repayment threshold will not necessarily be the same as in the UK. You should check our website for the most up to date thresholds.

**You will then receive a repayment schedule based on your earnings.**

### **Method of payment**

We will write to you with more details about your repayment options when you are due to start repaying.

We will change your income into pounds sterling and tell you the amount you need to pay each month in pounds sterling.

You will be responsible for any costs involved in converting the currency.

### **Fixed repayment rate**

If you do not give us details of your income, you may be charged a fixed amount which will be based on twice the average UK earnings.

## 9 What happens if you don't make your repayments?

**By law, you must repay your loan in line with the contract and the regulations.** If you pay UK tax through the PAYE system, you must give us the information we need to arrange repayments through the tax system.

You also need to let us know about any changes in your circumstances.

You will also have to give us and HMRC the information we ask for, as well as keep records of your income.

**If you fail to provide any of this information, you may be charged a penalty which will be added to your loan account and where necessary, ask you to repay the full amount of loan, plus interest and penalties in one lump sum.**

Employers have a responsibility, by law, to take the correct amounts of student loan repayments. They may have to pay fines if they do not do this.

If you pay UK tax and you receive a self-assessment tax return, you should use this to declare student loan repayments. You must fill this form in correctly and return it on time. You must also then pay your tax and student loan repayment on time. If you do not do this, you may have to pay interest and financial penalties. This is because student loans will be treated in the same way as tax for the purposes of this form.

If you move abroad or are no longer responsible for paying UK tax and you fail to make repayments that are due or fail to give us the information we ask for, you may have to pay penalties. There are three specific instances when these penalties may apply.

- If you fail to let us know that you are going abroad, you may be charged penalties for not letting us know about your change in address. You may be charged further penalties if you then do not respond to requests for information.
- You may have to pay the costs of any agents we employ to find you.
- If you fail to give us full information on your yearly income, we will base your repayments on an income equal to twice the UK average earnings.

**In the end, you may have to repay the total loan in one go.**

However you repay your loan, if you continue to withhold information that we ask for and as a result you fail to make repayments that are due, we have the right to take legal action to recover your debt. This means that we can get a court order to make you repay the total loan plus interest and penalties in a single payment. **This can be enforced through the courts as a civil debt whether you are in the UK or living abroad.**

# 10 What to do if you are not satisfied

## Complaints

If you are not satisfied about the way your repayments are being collected, you should contact us. We will be able to give you details of our complaints procedures. If, having used this procedure, you are still not satisfied, you can have your case independently reviewed. Independent reviews are usually dealt with by:

- the Student Loans Assessor for services provided by the Student Loans Company;
- the Adjudicator for services provided by HMRC;
- the Parliamentary Ombudsman for services provided by the Government, such as BIS (for details, see [www.ombudsman.org.uk](http://www.ombudsman.org.uk));
- the Public Services Ombudsman for Northern Ireland, Scotland or Wales (see the contact details below) for services provided by government outside England; or
- the Local Government Ombudsman for services provided by local authorities (see [www.lgo.org.uk](http://www.lgo.org.uk)).

You can contact the Public Services Ombudsman by going to the websites for the service for the relevant country.

For Northern Ireland, go to [www.ni-ombudsman.org.uk](http://www.ni-ombudsman.org.uk).

For Scotland, go to [www.spsso.org.uk](http://www.spsso.org.uk).

For Wales, go to [www.ombudsman-wales.org.uk](http://www.ombudsman-wales.org.uk).

## Appeals

These are different from complaints. You may be happy with the way your account has been handled but you may feel that a decision about your account (for example, the amount you have been asked to repay each month) is not correct and you want to appeal. As in the case of complaints, we have procedures for dealing with appeals and you should follow these. Appeals against services provided by the Student Loans Company are also dealt with by the Student Loans Assessor.

In certain circumstances you may consider using the legal system (for example, a county court) to sort out your problem. If you want to do this, you should first get independent legal advice (for example, from a solicitor, a legal advice centre or a Citizens Advice Bureau)

# 11 Useful contacts

If you have further questions, you should call one of the following numbers depending on where you live.

England **0845 300 50 90**

Northern Ireland **0845 600 0662**

Scotland **0800 405010**

Wales **0845 602 8845**

If you want more information about repayment go to **[www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)**.

If you live in England, you can contact our Customer Support Office (CSO) for advice on general issues such as:

- repaying your loan;
- what financial help is available;
- the application process and timetable; and
- progress in assessing your application.

You can call the CSO on **0845 300 50 90** between 8am and 8pm Monday to Friday and 9am to 5.30pm Saturday and Sunday. (These times may change from time to time and you can find up-to-date opening hours at **[www.direct.gov.uk/studentfinance](http://www.direct.gov.uk/studentfinance)**).

Or, you can write to:

Student Loans Company Limited  
100 Bothwell Street  
Glasgow G2 7JD.

If you live in Northern Ireland, you can get information about applying for loans from your local Education & Library Board (ELB). You can find contact details for ELBs and more information and guidance at **[www.studentfinancenir.co.uk](http://www.studentfinancenir.co.uk)**.

If you live in Scotland, you can also get information about applying for loans from the Student Awards Agency for Scotland (SAAS). You will find details for SAAS at **[www.saas.gov.uk](http://www.saas.gov.uk)**.

For general questions, call **0845 111 1711**.

## Opening hours

(From June to October)

- 8am to 6pm from Monday to Thursday
- 8am to 4.30pm on Fridays

(From November to April)

- 8.30am to 5pm from Monday to Thursday
- 8.30am to 4.30pm on Fridays

This phone service allows you to get information 24 hours a day, seven days a week, by entering your SAAS reference number. You will be able to ask for:

- a copy of your award notice;
- information on a current application for fees and living costs; and
- information on a current travel application.

If you live in Wales, you can call the bilingual Student Finance Wales contact centre for general information about student loans. Call **0845 602 8845** between 8am and 8pm Monday to Friday and between 9am and 1pm on Saturdays.

(You can find up-to-date opening hours on their website at **[www.studentfinancewales.co.uk](http://www.studentfinancewales.co.uk)**).

You can also get information about applying for loans from your local authority (LA). You can see a list of LA contacts in Wales at **[www.studentfinancewales.co.uk](http://www.studentfinancewales.co.uk)**.

Or, you can visit the DirectGov Student Support website at **[www.direct.gov.uk/studentfinance](http://www.direct.gov.uk/studentfinance)**.

If you live abroad, you should call the Student Loans Company on **0141 243 3570** for more information.



# 11 Useful contacts

## Other useful information

### England

Call the publication line on **0800 731 9133** if you want a copy of the following guides.

- A guide to financial support for higher education students 2010/2011
- Bridging the gap – a guide to disabled student allowances in higher education 2010/2011
- Childcare grant and other support for student parents in higher education – a guide for 2010/2011.

You can also order braille and audio versions of these guides and copies in large print from this number.

These guides are also available in an electronic format from **[www.direct.gov.uk/studentfinance](http://www.direct.gov.uk/studentfinance)**.

### Northern Ireland

If you want a copy of 'A guide to financial support for higher education students 2010/2011', you can get it from your local Education and Library Board or the Department for Employment and Learning at the address below.

Student Finance Branch  
Department for Employment and Learning  
Student Finance Branch  
Room 407 Adelaide House  
39–49 Adelaide Street  
Belfast  
BT2 8FD.

Phone: **028 90 257 746**.

This guide is also available in an electronic format from **[www.studentfinancenir.co.uk](http://www.studentfinancenir.co.uk)**.

### Scotland

The SAAS produce guides for Scottish students. If you want a copy of these guides, contact:

Student Awards Agency for Scotland  
Gyleview House  
3 Redheughs Rigg  
Edinburgh  
EH12 9HH.

Phone: **0845 111 1711**

Website: **[www.saas.gov.uk](http://www.saas.gov.uk)**

### Wales

Call the publication line on **0800 731 9133** if you want a copy of the following bilingual Student Finance Wales guides.

- Student Finance Wales – Financial Support for Higher Education Students 2010/2011
- Student Finance Wales – Bridging the Gap – a guide to disabled student allowances in higher education 2010/2011
- Student Finance Wales – Childcare grant and other support for student parents in higher education – a guide for 2010/2011.

You can also phone this number to order a version of these guides in Braille, audio and in large print.

These guides are also available in an electronic format from **[www.studentfinancewales.co.uk](http://www.studentfinancewales.co.uk)**.

### HM Revenue & Customs

If, once you have started to repay your loan, you have any questions about how your repayments are collected through the tax system, speak to either your employer, or contact HMRC using the numbers listed at **[www.hmrc.gov.uk/local/index.htm](http://www.hmrc.gov.uk/local/index.htm)**.

The Student Loans Company can help you with questions about how much you still owe and when you will repay your loan.

# 12 Summary

## Your responsibilities

- To repay your loan in line with the regulations. Keep us up to date with any personal details (for example, if your address, name or bank details change);
- Give us any other information we ask you for

## What you can expect from us

- Interim and yearly statements to tell you how much you owe
- Yearly statements (once you have started making repayments)
- Details of changes to the interest rates each year
- Help and advice on your loan and repayments
- Refunds of any overpayments with interest

## We cannot:

- provide up-to-date loan balances; or
- make sure your repayments will stop at the right time (without your help).

## You should:

- keep hold of payslips to keep track of your own repayments; and
- if you want to make voluntary repayments, contact us direct to arrange this. If you are earning over the threshold for repayments (£15,000 from April 2005) and are not having repayments taken, you should let your employer know.

## For more information

You can phone us on the relevant number on page 21 from 8am to 8pm Monday to Friday and 9am to 5.30pm on Saturday and Sunday.



**BIS** | Department for Business  
Innovation & Skills

studentfinance**england**

You can get a copy of this guide, including braille, large print and audio versions, by calling the freephone Student Finance publications line on 0800 731 9133, quoting reference SFE/SLTCV10.

There is also a free textphone service available on 0800 328 8988.

© Queen's Printer and Controller of HMSO 2009. Produced by the Student Loans Company on behalf of the Department for Business, Innovation and Skills. Extracts from this document may be reproduced for non-commercial research, education or training purposes on the condition that the source is acknowledged. For any other use, please contact [HMSOlicensing@cabinetoffice.x.gsi.gov.uk](mailto:HMSOlicensing@cabinetoffice.x.gsi.gov.uk)

ISBN 978-1-907246-11-1

