



Student loans – A guide to terms and conditions 2012/13



student finance england
The student finance experts

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1 Introduction

Who is this guide for?

This guide explains what you are committing yourself to when you take out a student loan, and it is important that you carefully read and understand this information.

The information in this guide applies to students who take out government loans during academic year 2012/13 and who study at a university or college in England, Northern Ireland, Scotland or Wales.

Please keep a copy as it provides information that you will need until you have finished repaying your loan. Please note: as certain aspects of this guide depend on new legislation which is not yet passed by Parliament, this guide may be updated from time to time, and it is your responsibility to check the website hosting this guide periodically to ensure you have the most up-to-date version.

This guide is for students who:

- are starting on approved full-or part-time higher education courses at or below first-degree level;
- are starting or continuing on an Initial Teacher Training (ITT) course
- 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;

Repayment

The repayment arrangements that apply to your loan will depend on where you live and when you started your course. Look out for the coloured boxes that explain the repayment process that applies to you.

If you:

- live in Northern Ireland or Scotland; or
- are an EU student funded by Northern Ireland or Scotland.

Or if you:

- started your course before 1 September 2012 and;
 - live in England or Wales; or
 - are an EU student funded by England or Wales.

You are on Repayment Plan 1 – look out for the blue boxes as this information applies to you.

- qualify for a hardship loan (as long as the course started in or after the 1998/1999 academic year, apart from the exceptions below).

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 DipHE course in 1997/1998, 1998/1999 or 1999/2000.

If you fall into these categories, you will have taken out mortgage style (sometimes known as fixed term) 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, Student Finance NI office if you live in Northern Ireland, the Student Award Agency for Scotland (SAAS) if you live in Scotland or the EU Customer Services Team if you are an EU student (see pages 19 and 20 for contact numbers).

If you:

- are starting your course on or after 1 September 2012 and;
- live in England or Wales; or
- are an EU student funded by England or Wales.

You will, subject to Parliamentary approval of new legislation which is due to come into force by 6 April 2012, be on **Repayment Plan 2** – look out for the pink boxes as this information applies to you. in an amended format If Parliament does not approve the new legislation then you will be on **Repayment Plan 1**.

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 470 and subsequent amending regulations. Amending Regulations for those on Repayment Plan 2 are due to come into force by 6 April 2012.
- For Northern Ireland, the Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2009 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**). Or order them online at **www.tsoshop.co.uk**.

This guide provides information about the current terms of your loan and repayment for Repayment Plan 1.

The guide also provides information about the proposed terms and conditions for Repayment Plan 2 which are subject to Parliamentary approval of the Amending Regulations. The terms and conditions for Repayment Plan 1 would apply where the proposed Amending Regulations do not come into force.

The regulations may change from time to time and this means the terms of your loan may also change. This guide will be updated to reflect any changes and it is your responsibility to ensure you have the most up-to-date version.

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 the Welsh Ministers. The Student Loans Company, which is a non-profit government organisation, is acting as agent. Please see the loan application for more details.

The Student Loans Company (SLC) is responsible for paying the loans and for keeping details of your account, including adding interest, sending you a statement each year (once you have started making repayments) and answering questions about your loan. SLC will be able to give you any updated information about repayments at the time you leave university or college. After that, the relevant government departments will let you know of any changes which affect you by either writing to you or posting notices on their website.

Further information

If, on reading this guide, you still have questions about the terms of your loan, go to **www.studentloanrepayment.co.uk**. Alternatively you can contact SLC using the contact details given on page 20.

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 tuition fees.

How are loans paid?

You will receive any Maintenance Loan you are entitled to when the university or college confirms you are attending. Your Maintenance Loan will usually be paid into your bank account 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 each academic year of your course. However, if you apply late, you may receive fewer instalments, depending on when you apply in the year.

Tuition Fee Loans

If you apply for a Tuition Fee Loan, it will be paid directly to your university or college in three instalments across the academic year. **You will be liable for any percentage of your Tuition Fee Loan paid to your university or college from the first day of term. This will be the case regardless of any withdrawals, transfers or suspensions of study.**

When payment is made to your university or college	How much of your Tuition Fee Loan is paid to your university or college?
At the start of term 1	25% of the tuition fee
At the start of term 2	25% of the tuition fee
At the start of term 3	50% of the tuition fee

Changing your course

If you transfer to a new university or college **before the start of term 1** your full Tuition Fee Loan will be paid to your new university or college.

If you transfer to a new university or college **during term 1**, your new university or college will receive 75% of your Tuition Fee Loan from SLC. The remaining 25% will be paid to the university or college you transferred from. If the tuition fee at your new university or college is higher the university can only receive 75% of the new tuition fee from SLC.

Example A

Student A starts a course in September 2012, for which the tuition charge is £6,000. Student A's attendance for the first term is confirmed and the first instalment of the Tuition Fee Loan of £1,500 is paid.

Student A transfers during the first term to a new course at a different university or college, which charges a higher tuition fee of £9,000.

The new university or college can only receive 75% of the £9,000 charge (£6,750) from SLC, this total amount will be split 33% and 67 % for instalments 2 and 3 respectively. (This equates to 24.75% and 50.25% of £9,000)

Student A's attendance for the second term is confirmed and the second instalment of the Tuition Fee Loan of £2,227.50 is paid to the new university or college.

Student A's attendance for the third term is confirmed and the third instalment of the Tuition Fee Loan of £4,522.50 is paid to the new university or college.

Transferring to a new university or college **during term 2** will mean your previous university or college can only receive 50% of your Tuition Fee Loan. The other 50% will be paid to your new university or college.

Example B

Student B starts a course in September 2012, for which the tuition fee is £6,000. Student B's attendance for the first term is confirmed and the first instalment of the Tuition Fee Loan of £1,500 is paid.

Student B's attendance for the second term is confirmed and the second instalment of the Tuition Fee Loan of £1,500 is paid.

Student B transfers during the second term to a new course at a different university or, which has a higher tuition fee of £9,000

The new university or college can only receive 50% of the £9,000 fee (£4,500) from SLC.

Student B's attendance for the third term is confirmed and the third instalment of the Tuition Fee Loan of £4,500 (50% of the new tuition fee amount) is paid to your new university or college .

If you transfer during term 3 SLC will not pay any Tuition Fee Loan to your new university or college.

If you change courses, and the universities or colleges decide to transfer funding between themselves, this will not affect the amount of Tuition Fee Loan you are liable to repay.

When do I start paying back the loan?

Repayment Plan

You only start repaying your loan once you have left university or college and your income is above the minimum income threshold. The minimum income threshold is currently set at £15,000 per year (£1,250 per month or £288 a week) but will rise to £15,795 per year (£1,316 a month or £303 a week) with effect from 6 April 2012.

You will have to start making repayments in the April after you finish or leave your course provided you meet the threshold set out above. However, you can make voluntary payments before or after you leave your course (even if your income is less than the threshold) which will reduce your balance earlier. SLC will write to you before you start making repayments to tell you how the repayments will be collected. Money that you earn before then will not be taken into account when your repayments are worked out.

Repayment Plan 2

You only start repaying your loan once you have reached your statutory repayment due date (the April after you leave or complete your course) and your income is above the threshold of £21,000 per year.

For administrative reasons, you won't have to make any repayments until April 2016, even if you leave your course and earn above £21,000 before then. 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 SLC (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 three months, please see section 8 for information on how to make repayments.

What interest will I pay on the loan?

You will be charged interest on the loan from when you receive your first payment until it has been repaid in full. The interest will be 'compounded' (added to the total amount you owe) every month. The interest rate you pay will depend on which repayment plan your loan falls under.

Repayment Plan 1

The interest rate will be the March RPI (Retail Price Index) and changes on 1 September each year, although changes can still happen during the year too.

The most accurate and up-to-date information on interest rates can be found at www.studentloanrepayment.co.uk.

Repayment Plan 2

The amount of interest charged is based on the rate of inflation and will vary depending on your circumstances:

	Interest rate
Full time students - While you are studying and until 6 April after you complete or leave your course. Part-time students – While you are studying (and until whichever of the following dates occurs first: 6 April after leaving your course or 6 April after the fourth anniversary of the first day of the first academic year of the course).	Retail Price Index (RPI) plus 3%.
From 6 April after leaving your course until 6 April 2016 (where you have left the course before 6 April 2015).	RPI
From the date you become due to repay until the loan is paid in full.	Interest will be based on your income: £21,000 or less = RPI Between £21,000 and £41,000 = RPI plus up to 3%, depending on income £41,000 and over = RPI plus 3%

When will loans be cancelled?

There are circumstances where your student loan may be cancelled so that you never have to pay it back, such as if you die before you pay the loan off or if you become disabled and permanently unfit for work. Your loan may also be cancelled after a certain period of time. This depends on the rules at the time you take out a loan.

Repayment Plan 1

In England, Scotland and Wales and Northern Ireland, 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.

In England, if you entered higher education after 1 September 2006, but before 1 September 2012, your loan plus any interest will be cancelled 25 years after the April when you first became due to repay the loan.

In Wales and Northern Ireland, if you entered higher education after 1 September 2006, your loan plus any interest will be cancelled 25 years after the April when you first became due to repay the loan.

In Scotland, your loan, plus any interest, will be cancelled **35 years after the April when you first became due to repay the loan.**

In all cases, you must have made all repayments based on your income until that date. If not, in certain circumstances, SLC may recover any amounts you still owe up to that date.

Repayment Plan 2

In England and Wales, if you entered higher education after 1 September 2012, any loan remaining after 30 years will be written off.

You must have made all repayments based on your income until that date. If not, in certain circumstances, SLC 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.

What if I am a part-time student?

If you are starting a part-time course from 1 September 2012 (Repayment Plan 2) or you have part-time loans for the 2003/2004 academic year or earlier (Repayment Plan 1), you will have to repay your student loans in line with the terms of this guide.

Repayment Plan 2

No part-time Tuition Fee Loans will have to be repaid before April 2016. Your part-time Tuition Fee Loans will enter repayment status on whichever of the following dates comes first:

- The 6 April after you withdraw or complete the course (as long as this is on or after 6 April 2016); or
- The start of the tax year (6 April) which falls 4 years after the start date of the academic year in which you started your course. For example, April 2017 if you start your course in September 2012.

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

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 2), you will continue to make repayments on your original loan.
- Although SLC 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.

3 Your responsibilities

When you take out a loan, you will sign a declaration form 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 SLC about any changes to these details:

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

Your loan agreement is a contract.

Information needed

For most people, repayments will be collected through the UK tax system by employers taking amounts from their salary 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 repay your loan direct to SLC. 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 SLC the information they need to collect repayments, you may be charged penalties and asked to pay the costs of finding the information you have not provided, and you may be asked to pay your loan balance in full.

You must provide your National Insurance number (NINO) or explain why you do not have one. SLC cannot process your application without this, unless you are an EU student. SLC 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**.

Changes in your circumstances

As part of the contract you sign, you must tell SLC about changes in your circumstances. For example, you must let SLC 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 SLC 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 SLC can advise you on arrangements for repaying the loan.

If you do not give SLC accurate and up to date information so that your loan can be repaid, you may have to pay a penalty charge or repay the loan and any interest and penalties in one lump sum.

You **must** also let SLC or your local authority (if you are a student from Wales), your Student Finance NI office (if you are a student from Northern Ireland), the EU Customer Services team (if you are an EU student) or SAAS (if you are a student from Scotland) know if you:

- change your university or college;
- 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 either ask you to fill in a P46 form which has a tick box to show if you have a student loan, or they will obtain the P46 information on their own stationery. You must either tick the P46 box or otherwise indicate to your new employer if you are liable to make loan repayments.

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 what you earn, not what you owe. This is known as an 'income-contingent' repayment. You will not normally have to make any repayments while you are studying. However, if you are earning above the relevant threshold and 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; or if you are studying part-time and your course is longer than 4 years.

If you are disabled

If you are disabled, any disability benefits that you get will not be included in your income, even if those benefits are taxed.

How much you will repay

You will not have to make any repayments at all while your income is under the applicable threshold. Any change to these thresholds, along with examples of repayments, will be published at www.studentloanrepayment.co.uk.

Your repayments will be equal to 9% of any income above the applicable repayment threshold. A different threshold may apply if you move to live in a country outside the UK. Section 8 explains this in more detail.

If your income falls below the applicable threshold, you will not have to make any repayments. If your income is above the threshold, you can find examples of how much you'll have to repay on www.studentloanrepayment.co.uk. Your employer will round down the amounts they take from your pay to the nearest pound.

Remember though, if your salary changes each month (for example, because of overtime), the amount you repay will also change.

Making extra repayments

Repayment Plan 1

You can pay off your loan more quickly by making extra repayments voluntarily. You can do this anytime at www.studentloanrepayment.co.uk.

If you do choose to make voluntary repayments, you will pay your loan off more quickly. However, any voluntary repayments will not affect the 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.

Repayment Plan 2

The Government has consulted on whether early repayment charges may apply, and depending on the outcome of that consultation and subject to Parliament, you may incur an early repayment charge.

Coming to the end of your repayments

When you are near the end of your repayments, SLC will contact you to discuss moving to repaying by direct debit for the last 8 – 23 months. This is a voluntary scheme which means that you can opt out of making your repayments through PAYE and can make a direct debit payments directly to SLC. It is recommended you do this to help ensure that you do not over-repay your loan. More information is given in section 7.

Over repayment

If you over repay your loan and repay more than you actually owed, you will receive a refund, including any interest due to you.

Refunds of repayments made when income is below the threshold

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 the threshold. This would happen if, for example, your monthly income was more than the monthly equivalent of the 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, after the end of the tax year, in these situations.

SLC will not make refunds unless you ask them to do this and 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 these repayments will reduce the amount you owe so you will pay off your loan more quickly. SLC do not refund any repayments that you have made voluntarily.

WALES ONLY – Partial cancellation of Maintenance Loan

If you live in Wales and took out a Maintenance Loan in either academic 2010/11 or 2011/12, the Welsh government could cancel up to £1,500 from your student loan balance when you start repaying. These conditions will also apply (subject to approval from the National Assembly for Wales) to loans taken out during the academic year 2012/13.

For further details go to www.studentloanrepayment.co.uk

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.

SLC 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, you will have to give your new employer a P45 or a P46. The P45 and the P46 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 you are due to make repayments.

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.

HMRC takes this information from your employer's annual return and lets SLC know the amount of the repayments that have been made. SLC 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 year that the deductions were taken from your salary – usually in 12 equal instalments. SLC 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 SLC.

It's 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 amount 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 SLC nor 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 SLC.

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 applicable 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.

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 self-assessment (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 the applicable threshold, 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.

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 SLC, and make arrangements to make your repayments direct. You must contact SLC before you leave the UK. If you don't, they 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.

SLC will ask for details of your income and, if you are earning above the threshold for the country you are living in, will work out how much you should pay each month. The amount you have to repay each month 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. SLC will ask you to make repayments in pounds sterling. You will have to pay any charges your bank makes to transfer funds to SLC. Please see section 8 ('Moving abroad') 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, such as your payslips, SLC will credit the full amount of the repayments to your account.

Sharing information

HMRC can legally give SLC information about your repayments. However, HMRC cannot give SLC any information about your tax affairs, as these are confidential. Also, neither your employer nor 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 SLC, 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.

Repaying more than one type of loan

There are two types of loan – an income-contingent loan and a mortgage style 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 mortgage style 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 who have both types of loan. If this applies to you and you are a PGCE student with a mortgage style 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. SLC will write to you giving you the choice of which loan to repay first. There is information on PGCE options at **www.studentloanrepayment.co.uk**.

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

6 Yearly statements

The student loan system has been set up to use the tax system to collect your repayments. As a result, SLC can only update your account once a year, after receiving your repayment information 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 SLC 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 when your account has been updated with repayments made. However, if you are late with your self-assessment return, you will receive your statement at the end of the month in which HMRC let SLC 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 repayments made up until the end of that year.

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 repay, visit www.studentloanrepayment.co.uk or call SLC using the contact details on page 20. Remember to have your payslips and customer reference number to hand when you contact SLC.

7 Coming to the end of repaying your loan

In the last 8 to 23 months of repaying your loan you can change to repaying by direct debit. This will mean that you are unlikely to over-repay your loan. SLC will try to contact you shortly before this time to offer you this option. However, if you know you are getting near this point, you should get in touch with SLC 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 make the payment, SLC 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**

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 your total repayments in a given year. As SLC 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.

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 if repayments continue to be made through your Employer.

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.

SLC will do everything they can to make sure you do not over repay at the end of your loan, however if you have not contacted them to set a date to stop the repayments or to make alternative repayment arrangements, you will probably over repay. If this happens, you will receive a full refund of the over repayments together with interest. SLC will repay interest at the same rate as it is charged to your account and the repayment will be tax free. SLC are continually working on improving the end of the repayment process.

Go to www.studentloanrepayment.co.uk for more information.

8 Moving abroad

When you finish your course you must tell SLC if you are moving abroad.

If you do not pay UK tax or you plan to leave the UK for more than three months after you finish your course (whether this is temporarily or because you live in another country), you will make repayments direct to SLC. You must let SLC know before you leave the UK.

If you don't, SLC 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.

SLC will ask for information about your earnings and give you your monthly repayment schedule under your contract with the Secretary of State for Business, Innovation and Skills, 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 appropriate repayment threshold.

Repayment threshold

To take account of differences in living costs, the repayment threshold may not be the same as in the UK. You will find information on the repayment website to help you understand the different thresholds go to

www.studentloanrepayment.co.uk.

Method of payment

SLC will write to you with more details about your repayment options when you are due to start repaying. They 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 SLC details of your income, you may be charged a fixed amount depending on where you live, which may be higher than the repayment amount due based on your actual 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 SLC the information they need to arrange repayments through the tax system. You also need to let them know about any changes in your circumstances. You will also have to give SLC and HMRC the information they 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, asked to repay the full amount of loan, plus interest and penalties in one lump sum.

Employers have a responsibility, by law, to send HMRC 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 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 SLC the information they ask for, you may have to pay penalties. There are three specific instances when these penalties may apply.

- **If you fail to let SLC know that you are going abroad, you may be charged penalties for not letting them 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 which SLC employ to find you.**
- **If you fail to give SLC full information on your yearly income, your repayments will be a fixed amount.**

You may have to repay the total loan in a lump sum.

However you repay your loan, if you continue to withhold information that SLC ask for and as a result you fail to make repayments that are due, they have the right to take legal action to recover your debt. This means that SLC 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 SLC. You can register a complaint by calling **0845 073 8908** or emailing **customer_complaints@slc.co.uk**. 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**);
- 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**).

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.

For Scotland, go to **www.spsso.org.uk**.

For Wales, go to **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 is not correct and you want to appeal. As in the case of complaints, SLC has 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 or by the Welsh Ministers if you receive your financial support through Student Finance Wales.

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 5090**

Northern Ireland **0845 600 0662**

Scotland **0300 555 0505**

Wales **0845 602 8845**

EU **0141 243 3570**

If you want more information about repayment go to **www.studentloanrepayment.co.uk** or call **0845 073 8891**.

If you live in England, you can contact the Customer Support Centre (CSC) 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 SLC on **0845 300 5090** between 8am and 8pm Monday to Friday and 9am to 5.30pm Saturday and Sunday.

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 Student Finance NI office. You can find contact details for Student Finance NI offices and more information and guidance at **www.studentfinancenl.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**

For general questions, call **0300 555 0505**.

Opening hours

(From June to October)

- 8am to 6pm from Monday to Thursday
- 8am to 4.30pm on Fridays (From November to May)
- 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 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.

Or, you can visit the Directgov Student Support website at **www.direct.gov.uk/studentfinance**.

If you live abroad, you should call the EU Customer Services Team on **0141 243 3570**.

You can also write to them at:

EU Customer Services Team
PO Box 89
Darlington
County Durham
England
DL1 9AZ

Other useful information

England

You can go to www.direct.gov.uk/studentfinance or you can phone Student Finance England on **0845 300 5090** (textphone **0845 604 4434**) between 8am and 8pm Monday to Friday, and between 9am and 5.30pm on Saturdays and Sundays.

You can order forms and guides in Braille, large print or audio by emailing with your name, address, customer reference number along with what form and format you require to: brailleandlargefonts@slc.co.uk or you can telephone **0141 243 3686**.

Please note: the above email address and telephone number can only deal with requests for alternative formats of forms and guides.

Northern Ireland

If you want a copy of 'A guide to financial support for higher education students 2012/2013', you can get it from your Student Finance NI office or the Department for Employment and Learning at the address below.

Department for Employment and Learning
Student Finance Branch
Room 407 Adelaide House
39–49 Adelaide Street
Belfast BT2 8FD.
Phone: **028 90 257 715**

This guide is also available in an electronic format from www.studentfinancenl.co.uk

Scotland

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: **0300 555 0505**

Website: www.saas.gov.uk

Wales

Contact your local authority if you want a copy of the following bilingual Student Finance Wales guides.

- Student Finance Wales – a guide to financial support for higher education students 2012/2013
- Student Finance Wales – Bridging the Gap – a guide to disabled student allowances in higher education 2012/2013
- Student Finance Wales – Childcare grant and other support for student parents in higher education – a guide for 2012/2013.

You can 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.

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

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 SLC up to date with any personal details (for example, if your address, name or bank details change)
- Give SLC any other information we ask you for

What you can expect from SLC

- 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 over repayments

SLC 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, go to **www.studentloanrepayment.co.uk**.

If you are earning over the threshold for repayments and are not having repayments taken, you should contact SLC and let your employer know.

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youtube.com/studentloanscouk

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