



STUDENT LOANS: A GUIDE TO TERMS AND CONDITIONS 2009/10

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1 Introduction

This guide applies to students who take out government loans 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. You must read it carefully and keep it somewhere handy, as it provides information that you will need right through until you have finished repaying your loan.

Who does this guide apply to?

This guide is for students who take out loans under the Income Contingent Loan Scheme and:

- are starting on approved full-time higher-education courses at or below first-degree level;
- are starting 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); or
- who qualified for a hardship loan (as long as the course started 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 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 your local authority (LA) if you live in England or 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 21-22 for contact numbers). In some areas of England you may need to contact the Student Loans Company (SLC) instead of your LA. See the 'Useful contacts' section for more information.

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 2000 as amended.
- 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). You can also e-mail book.orders@tso.co.uk or order them online at www.tso.co.uk/bookshop.

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 Innovation, Universities 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 SLC 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. They will be able to give you any updated information about repayments at the time you leave college or university. After that, if any further changes are made to the repayment regulations, the SLC, the relevant government departments or HM Revenue & Customs (HMRC) will let you know.

Further information

If you have questions about anything in this guide, or the terms of your loan, please phone the SLC on one of the phone numbers on page 21. The SLC will be able to answer your questions or, if not, refer you to the appropriate organisation.

If you live in England, Northern Ireland or Wales and would like more copies of this guide, please phone our Freephone information line on 0800 731 9133, or 0845 111 1711 if you live in Scotland.

You can also get copies of this guide from the websites listed on pages 21 and 22.

2 How student loans work

What are student loans?

Student loans are provided, while you are at university or college, by the governments of England, Northern Ireland, Scotland and Wales to help with your living costs – accommodation, food, clothes, travel, and so on. If you are entering higher education in or after September 2006, 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 loan when the college or university confirms you are attending. Your loan or loans will usually be paid in three instalments, or in monthly instalments if your permanent home is in Scotland and you are studying at a Scottish university or college. You can apply for a student loan any time up until the end of the relevant academic year. But if you apply late, you may receive fewer instalments, depending on when you apply in the year. Loans to cover tuition fees 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 £15,000 a year. (In other words, the repayment is 'income-contingent'.) You will normally start making repayments at the start of the tax year after you finish or leave your course. The tax year runs from 6 April to 5 April. The date the tax year starts is sometimes referred to as the 'statutory repayment due date'.

The SLC will write to you before you start making repayments to tell you how they will collect the repayments. However, they will not collect any repayments before the April after you leave your course, even if you have finished or left your course and your gross income (your income before any amounts such as tax are taken off) is £15,000 a year, or above the £288 a week or £1,250 a month thresholds (see section 4) for making repayments. Money that you earn before the start date will not be taken into account when your repayments are worked out.

You should keep details about 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, or you live abroad and make the repayments direct to the SLC, you should contact the SLC (or HMRC) about self-assessment-based repayments. You can also choose to repay part or all of your loan voluntarily – at any time – direct to the SLC.

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 (pays towards) 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).

However, to make sure that all borrowers pay back the same amount that they borrowed, the Government has to keep the value of what is owed in line with the general rate of inflation. They do this by working out the rate of inflation each year as defined by the Retail Prices Index (RPI) and fixing the interest charged to that rate. The aim is to maintain the value, in real terms, of the amount of the loan you actually owe. This means that however long it takes you to repay your loan, you will repay no more, in real terms, than you actually borrowed.

The new interest rate will start from 1 September each year. This is based on the Retail Price Index for the previous March. The SLC will let you know about any changes to interest rates each year by placing adverts in the national press and publishing details on their website. You will also get details of the new interest rates in your statement each year.

Remember that from the moment your loan is paid to you and until you pay it off in full, interest will be charged each day. The interest will be 'compounded' (that is, added to the total amount you owe) every month.

As we explain in detail in sections 6 and 7 of this document, HMRC only update the SLC with details of repayments through the tax system after the end

2 How student loans work

of the tax year. The SLC adds these repayments to your loan account as if they were made at the point your employer took them from your salary. This means that when the SLC work out interest, they take the timing of your repayments into account so you will not pay too much.

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 the SLC.

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, the SLC will cancel your loan plus any interest:

- when you reach the age of 65;
- if you die before you pay the loan off; or
- if you become permanently disabled and are registered as being 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, the SLC will cancel your loan plus any interest:

- 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 permanently disabled and are registered as being 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, the Government may want to 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 contact the SLC.

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 is being replaced by a part-time higher education grant.

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 get a copy by calling the Freephone line on 0800 731 9133. Or, you can download it from www.direct.gov.uk/studentfinance. If you live in Wales, you can get a Student Finance Wales version of this guide by calling the Freephone line 0800 731 9133 or downloading it from www.studentfinancewales.co.uk. If you live in Scotland you should contact the Student Awards Agency for Scotland (SAAS). See page 22 for contact details.

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), the SLC will expect you to continue to make repayments on your original loan.
- Although the 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. In the April after you have left your second course, the SLC will add your second loan to whatever you owe on your original loan. The SLC will, from that point onwards, treat this as one loan account.

3 Your responsibilities

When you take out a loan, we will ask you to sign a combined loan application and agreement form which will be a contract. 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 the SLC 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.

You will not have to make any repayments before the April after you have left, or finished, your course.

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 the 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 the SLC the information they need to collect repayments, they may charge penalties and ask you to pay the costs of finding the information you have not provided.

You **must** provide your National Insurance number (NINO). If you don't have a NINO, the SLC will explain how you should go about getting one. If you do not provide your NINO, the SLC may not be able to process your application.

You must provide your NINO or explain why you do not have one.

The SLC will ask the Department for Work and Pensions (or the Social Security Agency in Northern Ireland) to confirm whether your NINO is correct. If not, the SLC will ask them to provide a correct NINO for you so that the SLC is sure that it has your correct NINO to protect itself against fraud. HMRC will need these details so that they know you are a borrower and so that they 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. This is the best option if you have simply lost your number. However, if your situation is more complicated, the SLC will tell you what you need to do.

3 Your responsibilities

Changes in your circumstances

You must tell the SLC about changes in your circumstances. For example, you must tell them about any changes in your name, home or term-time address, phone number or the details of the bank or building-society account that instalments of your loan should be paid into. After finishing or leaving your course, you must continue to tell the 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 they can advise you on arrangements for repaying the loan. If you do not give the SLC accurate and up-to-date information so that your loan can be repaid, they may make you pay a penalty charge.

You must also let the SLC and your LA (if you are a student from England or 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.

You should contact the SLC rather than your local authority if you live in one of the English LA areas listed on page 21.

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.

The repayments will be worked out as a percentage of your income above £1,250 a month, or £288 a week, **not** as a percentage of your total income. The repayment percentage is 9% of your income above this limit. 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 £15,000 threshold, you will not have to make any repayments. Otherwise the amount you will have to repay is given in the table. Your employer will round down the amounts they take from your pay to the nearest pound.

Income each year	Monthly repayment	Repayment as a percentage of your income
up to £15,000	0	0%
£16,000	£7	0.6%
£17,000	£15	1.1%
£18,000	£22	1.5%
£19,000	£30	1.9%
£20,000	£37	2.3%
£21,000	£45	2.6%
£22,000	£52	2.9%
£23,000	£60	3.1%
£24,000	£67	3.4%
£25,000	£75	3.6%

4 What you will repay

The following examples show what your repayments would be depending on your income.

A		B	
Monthly repayments made through your employer	Each month	Yearly repayments made through self-assessment	Each year
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, and only earnings over £15,000 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 a cheque to the SLC, 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 amount of repayments you have to make 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, the SLC may contact you to discuss your repayment options to close your account. This may suit you better than continuing to have repayments taken until you have repaid your loan. You will receive a refund, plus interest at the same rate you paid on your loan, if you repay more than you actually owed.

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).

Whatever the reason, as long as your total income for the whole year is less than £15,000, you will be able to apply to the SLC for a refund of the repayments you have made in that year. However, they will not make refunds unless you ask them to do this. Also, they will not be able 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.

Remember, the SLC does 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.

Paying the Graduate Endowment for Scottish students

The Graduate Endowment Act was introduced on 1 April 2008 and means that if you finished your course on or after 1 April 2007, you do not need to pay the Graduate Endowment fee. For more details, contact the Student Awards Agency for Scotland (SAAS). See page 22 for contact details.

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.

The 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 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 the SLC know the amount of the repayments that have been made. The SLC will then update your account. It will take some time after the end of each tax year to update your account. This is because HMRC have to process large numbers of end-of-year returns from employers each year. **It means that they may not process forms they receive by the end of the tax year until some months later.**

However, the repayments you have made will be used to pay off your loan for the right year – usually in 12 equal instalments. The 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 the SLC.

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 HMRC nor the SLC 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 the SLC.

If you only work part of the year, and your employer has correctly taken repayments from your monthly or weekly pay, you can ask for a refund from the SLC if your gross earnings for the tax year are less than £15,000.

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 are responsible for repaying for the year will be based on all your total income for the year – that is, all your appropriate PAYE income plus any extra self-employed income and any unearned income (that is, above £2,000). 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 £2000.

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 Incapacity Benefit, will not be taken into account.
- Tax credits will not be taken into account.
- If you make voluntary repayments direct to the SLC, 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 the SLC, who will make arrangements with you to collect the repayments direct. They will ask for details of your income and, if you are responsible for making repayments, they will work out how much these should be.

The amount you will 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.

Your repayments will depend on the terms of the loan contract. The SLC will ask you to make repayments in pounds sterling. You may have to pay any charges your bank makes to transfer funds to the SLC. Please see section 8 ('Moving abroad') for more information.

5 Repaying through the tax system

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), SLC will credit the full amount of the repayments to your account.

Sharing Information

HMRC can legally give information about your repayments to the SLC. However, HMRC cannot give them any information about your tax affairs, as these are confidential. Also, your employer or HMRC will not receive any details about your loan account, other than that you have a loan. The Data Protection Act covers personal information passed between the 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.

Repayment Holidays

If you live in England and you are starting a higher-education course in 2008 to 2009, you may

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. As long as you are taking out a student loan for the first time and your repayment date is in April 2012 or later, you will be eligible for a break from repaying your loan. Repayment Holidays must be within tax years. If you are eligible, you will be able to take up to five years off repaying your loan from April 2012 onwards. 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 five years, your student loan would not be written off until after 30 years, rather than after 25.

If you are repaying more than one type of loan

Most people will have only one type of student loan (income-contingent or fixed-term). However, some people may have both types of loan if they have taken more than one course of higher education. If you have chosen to take more than one course, 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. (However, this will depend on your income.) If so, your total repayments would be higher than if you only had one type of loan.

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 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 SLC will send you yearly statements between September and November each year until you begin to repay your loan. Just before you do this, the SLC will send you an interim statement which will tell you how your account stands at that point.

The student loan system has been set up to use the tax system to collect your repayments. As a result, the SLC can only update your account once a year, once they have received your payment 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 the 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 in the April following the return date. In other words, if the return date is the end of January 2009, the SLC will issue a statement at the end of April 2009. However, if you are late with your self-assessment return, the SLC will issue your statement at the end of the month that HMRC let them 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 the SLC part-way through the year, they will not have records of the repayments that you have made since they 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, call the SLC 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 them.

7 Coming to the end of repaying your loan

It is important that you keep an eye on your own repayments so you know when you are due to finish repaying.

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 the SLC does 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.

The SLC can schedule your loan repayments to stop on time, if you think you are within a year of paying off your loan.

You should call the SLC with your payslips and P60 to hand. If you are due to pay off the loan, they will then schedule your repayments to stop at the right time, so that you don't overpay.

Though the SLC will do everything they can to make sure that you do not make any overpayments at the end of your loan, if you have not contacted them to set a date to stop the repayments, you will probably overpay.

If this happens, you will receive a full refund of the overpayments together with interest. The SLC will repay interest at the same rate as it is charged to your account and the repayment will be tax-free.

The SLC is working on improving the end of the repayment process. They will offer arrangements to reduce the number of borrowers over-repaying, and these are expected to be in place towards the end of 2009.

8 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 the SLC. You must let the SLC know before you leave the UK. The SLC 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.

You must tell the SLC if you are moving abroad.

Working out the repayment

The SLC work out your monthly repayment schedule using the same rules as for those who stay in the UK. So, you will repay 9% of your

earnings over the repayment threshold. You can expect the SLC to 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. The table below shows what the threshold will be in different European countries as well as some other common destinations after graduation. We will update these bands each year to take account of price changes. And the SLC can give you more advice on the banding for countries not listed here.

Band	Price level index (UK=100)	Repayment threshold (UK=£15,000)	Countries using the level index figures latest available price
A	Less than 30	£3,000	Currently does not apply to any countries but may change depending on price changes compared to the UK
B	More than 30 but less than 50	£6,000	Bulgaria, Macedonia, Romania, Lithuania, Latvia
C	More than 50 but less than 70	£9,000	Poland, Slovakia, Turkey, Czech Republic, Estonia, Croatia, Hungary, Malta, Slovenia
D	More than 70 but less than 90	£12,000	Portugal, Greece, Spain, Cyprus, USA
E	More than 90 but less than 110	£15,000	Italy, Belgium, Austria, Germany, Netherlands, France, Luxemburg, Finland, Sweden, Japan
F	More than 110 but less than 130	£18,000	Ireland, Switzerland, Denmark, Norway, Iceland
G	130 or more	£21,000	Currently does not apply to any countries but may change depending on price changes compared to the UK

8 Moving abroad

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

Method of payment

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

The SLC 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 the SLC details of your income, they may charge you a fixed amount which will be based on twice the average UK earnings. For more information about what will happen if you do not repay your loan, see section 9.

9 What happens if you don't make your repayments

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

If you fail to provide information, you may be charged a penalty.

You also need to let the SLC know about any changes in your circumstances. If you fail to provide this information, the SLC may charge you a penalty and add the amount to your loan account.

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 may 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.

You will also have to give the SLC and HMRC the information they ask for, as well as keep records of your income. If you do not, you may have to pay financial penalties.

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 the SLC the information they ask for, you may have to pay penalties. There are three specific instances when these penalties may apply.

- 1 If you fail to let the 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 from the SLC for information.
- 2 You may have to pay the costs of any agents the SLC employ to find you.
- 3 If you fail to give the SLC full information on your yearly income, they 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 the SLC asks for and as a result you fail to make repayments that are due, the SLC has the right to **accelerate your debt**. This means that they can get a court order to make you repay the total loan 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 the organisation concerned. The SLC and HMRC will be able to give you details of their 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 DIUS (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 (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, the organisations handling your account will have procedures for dealing with appeals and you should follow these.

However, if these procedures do not sort out the problem, you can make an appeal.

Appeals against services provided by the Student Loans Company are also dealt with by the Student Loans Assessor. Appeals against assessments made by HMRC will be dealt with by the Tax Commissioners.

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 40 50 10
Wales	0845 602 8845

If you want more information

If you live in England, you can contact the Student Loans Company Limited for general information about student loans. The SLC Customer Support Office (CSO) gives advice on general issues such as:

- paying 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 on the CSO website at www.studentfinancedirect.co.uk.)

Or, you can write to:

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

You can also get information about applying for loans from your local authority (LA). You can see a list of LA contacts in England and Wales at www.dfes.gov.uk/localauthorities.

You should contact the SLC direct if you live in any of the following local-authority areas.

- London Borough of Brent
- London Borough of Hackney
- Darlington Borough Council
- Hartlepool Borough Council
- North Yorkshire County Council
- Redcar and Cleveland Borough Council
- South Tyneside Council
- Southend-on-Sea Borough Council
- London Borough of Southwark
- Stockton-on-Tees Borough Council
- York City Council

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.studentfinanceneni.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 **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.)

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.studentfinancedirect.co.uk.

If you live abroad, you should call the SLC on 0141 243 3570 for more information.

11 Useful contacts

Other useful information

England

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

- A Guide to Financial Support for Higher Education Students 2009/2010
- Bridging the Gap – a guide to disabled student allowances in higher education 2009/2010
- Childcare grant and other support for student parents in HE – a guide for 2009/2010.

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.studentfinancedirect.co.uk.

Northern Ireland

If you want a copy of 'A Guide to Financial Support for Higher Education Students 2009/2010', 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 257746.

This guide is also available in an electronic format from 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

Wales

Call the Freephone information 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 2009/2010
- Student Finance Wales – Bridging the Gap – a guide to disabled student allowances in higher education 2009/2010
- Student Finance Wales – Childcare grant and other support for student parents in higher education – a guide for 2009/2010.

You can also phone this number to order a version of these guides in Braille, on audio tape 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 SLC can help you with questions about how much you still owe and when you will repay your loan.

12 Summary

What you can expect from the SLC

- 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

The 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 the SLC up to date with any personal details (for example, if your address, name or bank details change);
- give the SLC any other information they ask you for;
- keep hold of payslips to keep track of your own repayments; and
- if you want to make voluntary repayments, contact the SLC 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 the SLC on the relevant number on page 21 from 8am to 8pm Monday to Friday and 9am to 5.30pm on Saturday and Sunday.

You can get a copy of this guide by calling 0800 731 9133, quoting reference NI/SLTC/V9.

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

You can also get Braille and audio-tape versions of this guide by calling the Freephone information line.

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