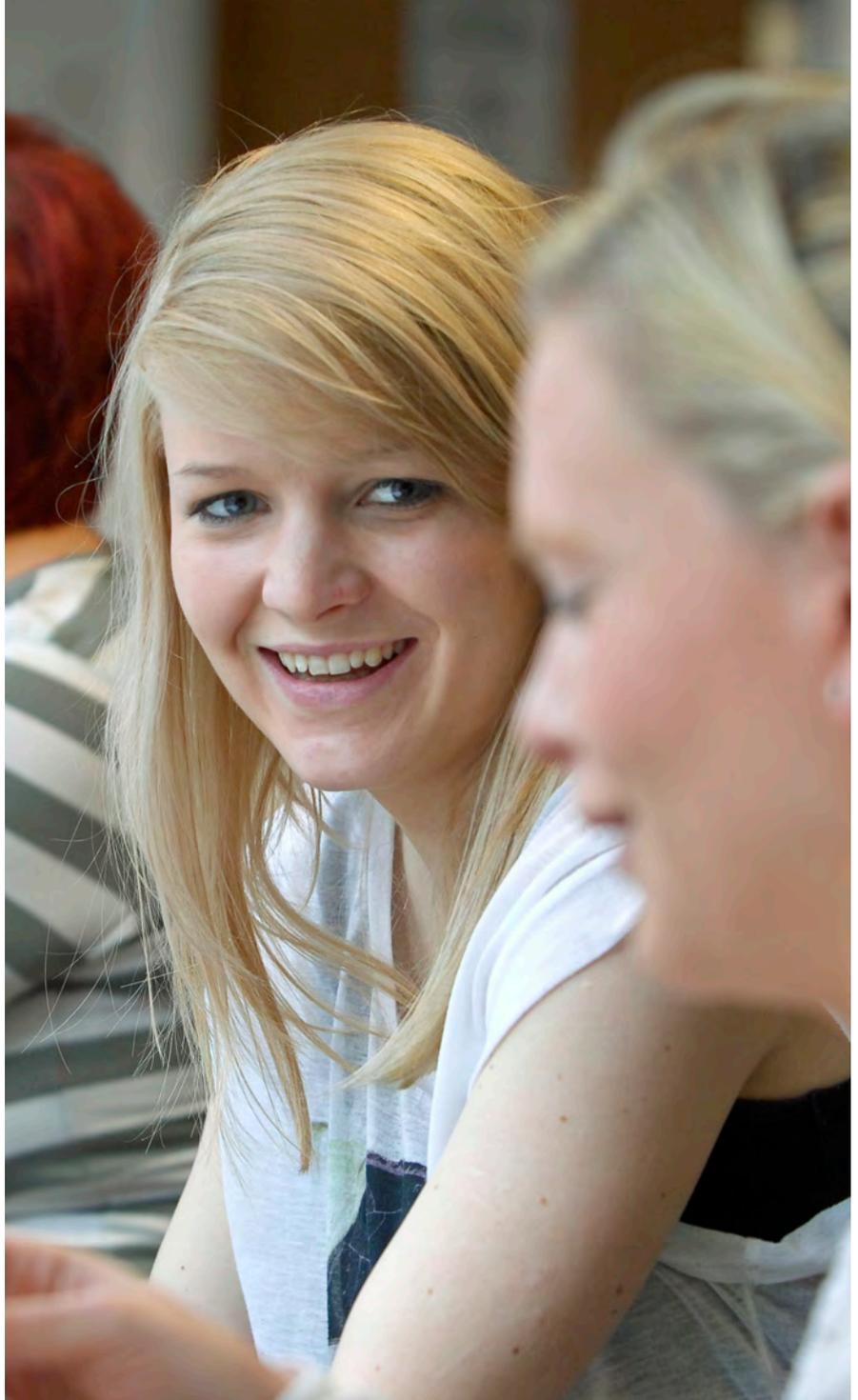


Student loans -  
a guide to terms  
and conditions  
2019/20



# Contents

<b>1</b>	<b>What's this guide about?</b>	<b>2</b>
<b>2</b>	<b>Your loan contract</b>	<b>2</b>
<b>3</b>	<b>Who does what?</b>	<b>3</b>
<b>4</b>	<b>Your responsibilities</b>	<b>4</b>
<b>5</b>	<b>Your repayment plan</b>	<b>6</b>
	When you'll repay	6
	What you'll repay	6
	Repaying if your income is below the threshold	6
	Making extra repayments	7
	How much interest you'll be charged	7
<b>6</b>	<b>How you'll repay</b>	<b>8</b>
	What happens when you're employed	8
	What happens when you're self employed	9
	What happens if you travel or work overseas	10
	When your loans will be cancelled	10
	What happens if you don't make repayments	11
	Coming to the end of repaying your loan	11
<b>7</b>	<b>What to do if you're not satisfied</b>	<b>12</b>
<b>8</b>	<b>Useful contacts</b>	<b>13</b>

You can order forms and guides in Braille, in large print or audio by emailing your name and address, and which form and format you need to [brailleandlargefonts@slc.co.uk](mailto:brailleandlargefonts@slc.co.uk)  
Or you can phone us on **0141 243 3686**.

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

# 1 What's this guide about?

This guide is for students who take out a student loan for an undergraduate, postgraduate or Initial Teacher Training course. It explains what you're committing to when you take out a loan.

It's important you read this guide carefully as it contains information about the current terms of your loan. Please save a copy.

You'll find full details of the conditions for getting student loans in the relevant Student Support Regulations.

The conditions for repaying your loan are included in the Repayment of Student Loans (Scotland) Regulations 2000, as amended.

You can read these regulations online at [www.legislation.gov.uk](http://www.legislation.gov.uk) or order them from The Stationery Office by calling **0333 202 5070** or going to [www.tsoshop.co.uk](http://www.tsoshop.co.uk)

The regulations may change from time to time, which means the terms of your loan may also change. This guide will be updated to reflect any changes, so you should make sure you have the most up-to-date version.

## Further information

If you still have questions about the terms of your loan after reading this guide, go to [www.gov.uk/repaying-your-student-loan](http://www.gov.uk/repaying-your-student-loan)

# 2 Your loan contract

When you take out a student loan you must agree to repay your loan in line with the regulations that apply at the time the repayments are due, subject to the regulations being amended from time to time.

Your loan contract is with the Scottish Ministers. The Student Loans Company (SLC), which is a non-profit government organisation, is acting as an agent on their behalf.

## 3 Who does what?

### Student Loans Company (SLC)

SLC is responsible for:

- paying the loans for English, Welsh, Northern Irish, Scottish and EU students,
- managing your account, including adding interest and refunding any over-repayments,
- collecting repayments from overseas repayers, and
- answering questions about your loan.

### HM Revenue and Customs (HMRC)

HMRC collects student loan repayments from employers through the UK tax system.

If you're self employed you'll repay through self assessment when you complete your tax returns.

### Your employer

Your employer collects student loan repayments on behalf of HMRC directly from your salary at the same time as tax and National Insurance.

If you have any questions about how your repayments are collected through the tax system, you should speak to your employer.

### Sharing information

HMRC can legally give SLC information about your repayments, but they won't give SLC any information about your tax arrangements, as these are confidential.

Also, neither your employer nor HMRC will receive any details about your student loan, other than that you have a loan.

## 4 Your responsibilities

### You need to provide complete and correct information

When you apply for a loan, you must give us complete and accurate information, so that we can collect repayments when they're due.

You must tell SLC about any changes to these details:

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

If you don't give SLC accurate and up-to-date information, you may have to pay a penalty charge or repay the loan and any interest and penalties in one lump sum.

You must let SLC (if you're no longer studying) or SAAS (if you're still studying) know if you:

- change your name, phone number or the details of the bank or building-society account that your loan is paid into,
- change your university, college or course,
- get a bursary, healthcare award or scholarship,
- change your home, term-time or parental address,
- know that the start or end dates of your course have changed,
- don't 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,
- get married,
- plan to leave the country, or
- change your employment status (for example from employed to self employed).

You must provide your National Insurance number (NINO). SLC can't process your application without this, unless you're an EU student who doesn't have a NINO. EU students who have a NINO should provide it when they apply. SLC will confirm the NINO with the Social Security agency to avoid fraudulent applications.

HMRC will also need these details so that they can collect your repayments. If you don't have a NINO, or you've lost it, you should call the National Insurance helpline on **0300 200 3500**.

Repayments collected by your employer will be shown on your payslip. You should keep a record of these repayments so you know how much of your loan you've paid back.

If you enter into a loan agreement with SLC before you turn 18 years old, you'll be asked to 'ratify' the agreement(s) once you turn 18. To ratify your loan means you will formally declare that you entered into the loan agreement. If you don't do this, you won't be able to get any more student finance after you turn 18. Once you're 18 or over, you'll ratify any loan agreement that you entered into before you turned 18 when you agree to the terms and conditions for any further student finance. If you entered into a loan agreement before turning 18 and don't apply for any further student finance, SLC will contact you to ratify your loan, to make sure that your eligibility for future student finance isn't affected.

## **You need to repay your loan**

By law, you must repay your loan in line with the loan contract and the regulations. 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're self employed, you'll make repayments through self-assessment at the same time you pay tax. If you live abroad, you'll repay your loan directly to SLC. Page 10 describes this process in more detail.

## **Loan liabilities**

Becoming 'liable' for all or part of your loan means that any payments paid to you or to your university or college will be added to your loan balance. This means that when you've finished or left your course, you'll need to start repaying that amount and the interest that has accrued. You'll be liable for any loan paid to you regardless of whether you finish your course or gain a qualification.

## **Maintenance Loans**

Maintenance Loans are paid directly to you in monthly instalments. You'll become liable for each instalment once it's paid.

## **Tuition Fees**

If you're eligible and studying in Scotland, SAAS will pay your tuition fees to your university or college. If you want to study at a university or college elsewhere in the UK, you can apply for a Tuition Fee Loan. Your Tuition Fee Loan will be paid directly to your university or college in one instalment, once they've confirmed you've registered on 1 December. If you withdraw before 1 December, no Tuition Fee Loan will be paid.

If you transfer to a new university or college during term one, your Tuition Fee Loan will be paid to whichever university or college you were attending on 1 December 2019. This date may be different if your course does not start in the autumn.

## 5 Your repayment plan

If your loan was taken out with SAAS, your plan type is repayment plan 1.

Repayments are based on your income, not what you borrow.

### When you'll repay

You'll be due to start repaying your loan the April after you finish or leave your course.

You'll only start making repayments when your income is over the repayment threshold, which is currently £18,935 a year, £1,577 a month or £364 a week in the UK.

If your income falls below the repayment threshold, repayments will stop and only restart when your income is over the threshold again.

This threshold will be increased in future years.

You can also make additional voluntary repayments to SLC at any time.

### What you'll repay

You'll repay 9% of your income over the repayment threshold. If your income changes, either rising or falling, your repayment amounts will automatically change to reflect this.

#### Repayment plan 1

Income each year before tax	Monthly income before tax	Approximate monthly repayment
£18,935	£1,577	£0
£20,000	£1,666	£8
£21,000	£1,750	£15
£24,000	£2,000	£38
£27,000	£2,250	£60
£30,000	£2,500	£83

### Repaying if you earn below the threshold

If you're employed and your annual income is below the repayment threshold, you could still make student loan repayments if your income goes above the weekly or monthly threshold at any time. For example, if you work extra hours or get a bonus, this could take your pay above the threshold for that week or month.

You can get a refund of these repayments at the end of the tax year, but only if your annual income was less than the annual repayment threshold for your loan. This doesn't happen automatically, so you'll need to contact SLC if you'd like a refund.

## Making extra repayments

You can make voluntary repayments at any time.

However, any voluntary repayments you make won't affect the amount collected through the tax system. So, if you're employed, your employer will still have to take the usual amount from your salary.

If you're overseas, making additional voluntary repayments will not affect the amount that you're required to repay each month.

If you repay through self assessment, you'll still have to repay the amount due based on your income for the year.

**You can't get a refund of any amounts you repay voluntarily, unless you've finished paying off your loan and have repaid too much.**

Find out how you can make voluntary repayments at [www.gov.uk/repaying-your-student-loan](http://www.gov.uk/repaying-your-student-loan)

## How much interest you'll be charged

You'll be charged interest on your loan from the day we make your first payment to you or to your university or college until it's been repaid in full or cancelled. We calculate the interest daily and apply it to your balance each month – this is known as 'compound interest'.

The interest rate is based on the Retail Price Index, or RPI, which is a measure of inflation. It measures changes to the cost of living in the UK.

The interest rate will be the RPI of the previous March, or 1% above the highest base rate of a nominated group of banks (Bank Base Rate), whichever is lower.

You can find the most accurate and up-to-date information on interest rates at [www.gov.uk/repaying-your-student-loan](http://www.gov.uk/repaying-your-student-loan)

## 6 How you'll repay

Repayments will be collected through the UK tax system if you're employed or through self assessment if you're self employed.

### What happens when you're employed

If you're an employee paying UK tax, your employer will take repayments from your pay, along with tax and National Insurance. You will see the deductions on your payslip.

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

When you change your job or start work, you may be given a P45 by your old employer. In this case, your last employer should put a 'Y' in the student loan box to let your new employer know they should start to take student loan deductions. Your new employer may also ask you to complete a starter declaration before they can start paying your salary.

You should also inform your new employer that you have a student loan.

### How employers know how much to deduct from your pay

HMRC will let your employer know how much to take from your pay.

If your pay is above the repayment threshold for your loan, your employer will take repayments and pass them to HMRC. HMRC will send this information to SLC, who'll then update your account.

SLC will make sure the correct amount of interest is charged to your account, so you won't be charged any extra interest even if your repayment details take some time to reach SLC.

It's important to understand repayments taken by your employer will be worked out on individual pay periods – not on your total income for a whole year. By pay period, we mean how often you get paid. So if you're paid monthly, repayments will be taken and calculated each month. This means that if your income varies each month, you could pay back more some months than others.

### **What happens if you change jobs**

When you change jobs, your previous employer may give you a P45 with a 'Y' in the student loan box. If your income is above the repayment threshold, your new employer will start to make student loan deductions from your pay. If you don't have a P45, your employer may ask you to fill in a starter declaration, which has a tick box to show that you have a student loan. You must either tick the box or advise your new employer you have a student loan.

If your repayments don't start when they should, you should let your employer know. If the problem continues, you should contact SLC with your new employer's details, such as their name and address, their PAYE Reference and your payroll number. This information can be found on your payslip, P60 or by speaking to your payroll department.

If you're self employed, HMRC will be able to tell you how you should repay. If you're working outside the UK for more than three months, please see page 10 for information on how to make repayments.

### **What happens if your employer goes out of business or doesn't pay your 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.

### **What happens if you're self employed**

If you're self employed, you'll send HMRC a tax return each year under the self-assessment (SA) system. How much you repay will be taken as part of your SA bill for tax. The student loan repayment will be based on your gross annual income over the threshold for your loan.

### **If you're employed and self employed**

If you're employed and self employed at the same time, you may have to make some loan repayments when you complete your tax return, as well as those taken by your employer.

You can claim credit in your tax return for any student loan amounts your employer has already taken during the year so you don't repay too much.

Like PAYE, the SA system will work out your loan repayments based on your income above the threshold for your loan. 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 don't send you a tax return, you won't have to make further repayments on top of those your employers are already taking.

If you pay UK tax and you get 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 don't 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.

### **What happens if you travel or work overseas**

If you don't pay UK tax or you plan to leave the UK for more than three months at any point after you complete or leave your course (whether this is temporarily or because you will live in another country), you'll make repayments directly to SLC. You must let SLC know 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 will work out how much you should repay each month. They'll change your income into pounds sterling and tell you the amount you need to repay each month in pounds sterling. You'll be responsible for any costs involved in converting the currency and you'll have to pay any charges your bank makes to transfer funds to SLC.

As you would in the UK, you'll repay 9% of your income over the repayment threshold. But because of differences in living costs, the repayment threshold in another country could be different from the UK threshold.

### **Fixed repayment rate**

If you don't 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 income. If you don't repay this amount, SLC may take legal action against you.

### **When your loans will be cancelled**

There are circumstances where your student loan may be cancelled and you'll 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.

If you took out the loan before 1 August 2007, your outstanding loan balance plus any interest will be cancelled when you reach the age of 65, or 30 years after the April when you first became due to start making repayments, whichever is first.

If you took out the loan on or after 1 August 2007, your outstanding loan balance plus any interest will be cancelled 30 years after the April when you first became due to start making repayments.

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.

## What happens if you don't make repayments

By law, you must repay your loan in line with the loan contract and Regulations. If you don't make repayments, SLC have the right to take legal action to recover your debt. This means SLC can get a Court Order to make you repay the total plus interest and penalties in a single payment.

This can be enforced through the courts as a civil debt whether you're in the UK or living abroad and you'll be responsible for all costs.

## Coming to the end of repaying your loan

If you're within four to 23 months of repaying your loan, you can change to repaying by Direct Debit.

SLC will try to contact you to offer you this option. You'll 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'll have to go back to repaying your loan through the tax system.

To find out more, go to [www.gov.uk/repaying-your-student-loan](http://www.gov.uk/repaying-your-student-loan)

SLC will do everything they can to make sure you don't over repay at the end of your loan. However if you don't switch to paying by Direct Debit, you'll probably over repay. If this happens, you'll get a full refund.

If you have a credit balance when your loan has been repaid in full, interest will be paid at the rate of RPI or 1% above the Bank Base Rate, whichever is lower. After the end of the tax year, SLC will contact you to advise that interest will accrue for a further 60 days at RPI. After the 60 days have passed, no further interest will be added to the credit balance on your account.

# 7 What to do if you're not satisfied

## Complaints

If you're not satisfied with how your repayments are being collected, you should contact SLC to register a complaint. You can do so by:

- calling **0300 100 0601**
- emailing **customer\_complaints@slc.co.uk**
- writing to:

**Customer Relations Unit  
Student Loans Company  
100 Bothwell Street  
Glasgow  
G2 7JD**

If you've used this procedure and are still not satisfied, you can have your complaint reviewed by an Independent Assessor.

## Appeals

If you think a decision we've made in relation to your funding application is wrong, you have the right to appeal. An appeal is a formal request to Student Awards Agency Scotland asking us to review our decision on your entitlement to student finance.

If you wish to appeal against our refusal to award you student funding or you disagree with how we've calculated your funding, you can appeal by going to **www.saas.gov.uk**

## 8 Useful contacts

If you want more information about repayment go to [www.gov.uk/repaying-your-student-loan](http://www.gov.uk/repaying-your-student-loan) or call **0300 100 0611**.

### **If you live in Scotland**

You can also get information about applying for loans from the Student Awards Agency Scotland (SAAS). You'll find details for SAAS at [www.saas.gov.uk](http://www.saas.gov.uk)

For general questions, call **0300 555 0505** between 8.30am to 5pm Monday to Thursday, and 8.30am to 4.30pm on Friday.

### **If you're an EU student**

You should call SAAS on **+44 300 555 0505**.

### **HM Revenue & Customs**

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

