
STATUTORY INSTRUMENTS

2012 No. 1309

**The Education (Student Loans) (Repayment)
(Amendment) (No. 2) Regulations 2012**

Amendment of the Education (Student Loans) (Repayment) Regulations 2009

10. After regulation 21 insert—

“Interest rate on post-2012 student loans

21A.—(1) This regulation applies in relation to post-2012 student loans.

(2) Subject to paragraphs (3), (4) and (5), during any academic year, if the Authority determines that post-2012 student loans will bear interest, loans bear interest at the rate which will result in an annual percentage rate of charge determined in accordance with the Consumer Credit (Total Charge for Credit) Regulations 2010 equal to—

- (a) the standard interest rate plus 3%, until the earlier of the end of the tax year in which—
 - (i) the borrower completes the course;
 - (ii) the borrower leaves the course; or
 - (iii) the fourth anniversary of the course start date occurs, in the case of loans in relation to part-time courses;
- (b) after the period in sub-paragraph (a) for a borrower to whom Part 3 or 4 applies—
 - (i) in a tax year in which the borrower’s interest income is the lower interest threshold or less, the standard interest rate;
 - (ii) in a tax year in which the borrower’s interest income is more than the lower interest threshold but not more than the higher interest threshold, the standard interest rate plus the additional interest rate; or
 - (iii) in a tax year in which the borrower’s interest income is more than the higher interest threshold, the standard interest rate plus 3%;
- (c) after the period in sub-paragraph (a) for a borrower to whom Part 5 applies, where the Authority has determined under regulation 75(1) that the borrower may repay a loan by income-related instalments and the Authority considers that the interest income the borrower is likely to receive in the next 12 month period is—
 - (i) the lower interest threshold or less, the standard interest rate;
 - (ii) more than the lower interest threshold but not more than the higher interest threshold, the standard interest rate plus the additional interest rate;
 - (iii) more than the higher interest threshold, the standard interest rate plus 3%;
- (d) after the period in sub-paragraph (a) for a borrower to whom Part 5 applies, in any period during which a borrower is required to pay to the Authority a fixed instalment in accordance with a notice served under regulation 73, the standard interest rate plus 3%.

(3) During any academic year, which starts on or after 1 September 2012 but ends on or before 31 August 2015 and for the period from 1 September 2015 to 5 April 2016, if the Authority determines that post-2012 student loans will bear interest, loans bear interest at the rate which will result in an annual percentage rate of charge determined in accordance with the Consumer Credit (Total Charge for Credit) Regulations 2010 equal to—

- (a) the standard interest rate plus 3%, until the end of the tax year in which the borrower—
 - (i) completes the course; or
 - (ii) leaves the course,
- (b) after the period in sub-paragraph (a) the standard interest rate.

(4) During any academic year or part of any academic year beginning on or after 6 April 2016, where a borrower fails to comply with one or more of regulations 22, 23(4) and 72, post-2012 student loans bear interest at the rate which will result in an annual percentage rate of charge determined in accordance with the Consumer Credit (Total Charge for Credit) Regulations 2010 equal to the standard interest rate plus 3% for the period from the date the borrower fails to comply with one or more of regulations 22, 23(4) and 72, until the borrower complies with those regulations.

(5) Where a borrower changes their mode of study between full-time and part-time study the interest under paragraph (2)(a) is to be calculated as if the course is a—

- (a) full-time course, where there is a change from a part-time course to a full-time course but before the requirement to repay under regulation 15(2A) applies;
- (b) part-time course, where there is a change from a part-time course to a full-time course and the requirement to repay under paragraph 15(2A) applies;
- (c) part-time course, where there is a change from a full-time course to a part-time course.

(6) Interest is calculated on the principal outstanding daily and is added to the principal monthly.

(7) The Authority must publish, at least once a year, by whatever means and in whatever media the Authority thinks fit, the interest rate determined in accordance with paragraphs (2) and (4) or where relevant paragraph (3), for any forthcoming academic year or part of that year.

(8) If, for any academic year, the Authority publishes more than one rate of interest to apply to post-2012 student loans, any subsequent rate so published will replace any previously published rate as the rate to apply from the date specified in the notice published in accordance with paragraph (7).

(9) The standard interest rate is the greater of—

- (a) 0%; or
- (b) an amount equal to the percentage increase between the retail prices all items index published by the Office for National Statistics for the two Marches immediately before the commencement of the academic year.

(10) The additional interest rate is a percentage equal to $3 \times (I - L)/(H - L)$ where—

I is the borrower's interest income,

L is the lower interest threshold,

H is the higher interest threshold.

(11) The borrower's interest income is—

- (a) for a borrower to whom regulation 28 (but not regulation 42) applies, total income as calculated in accordance with regulation 29(4) but without excluding the repayment threshold in regulation 29(4)(a);
 - (b) for a borrower to whom regulation 42 (but not regulation 28) applies, earnings as defined in regulation 41;
 - (c) for a borrower where the Authority makes a determination that the borrower may repay a loan by income-related instalments under regulation 75, gross income as defined in regulation 71;
 - (d) for a borrower to whom both regulations 28 and 42 apply in the same tax year, total income as calculated in accordance with regulation 29(4) but without excluding the repayment threshold in regulation 29(4)(a).
- (12) The lower interest threshold is—
- (a) for a borrower to whom Part 3 or 4 applies, an amount of £21,000; and
 - (b) for a borrower to whom Part 5 applies, an amount to be determined by reference to the most recent price level index for the borrower's country of residence and in accordance with the following table—

<i>Band</i>	<i>Price Level Index</i>	<i>Lower Interest Threshold</i>
A	0<30	£4,200
B	30<50	£8,400
C	50<70	£12,600
D	70<90	£16,800
E	90<110	£21,000
F	110<130	£25,200
G	130+	£29,400

- (13) The higher interest threshold is—
- (a) for a borrower to which Part 3 or 4 applies, an amount of £41,000;
 - (b) for a borrower to whom Part 5 applies, an amount to be determined by reference to the most recent price level index for the borrower's country of residence and in accordance with the following table—

<i>Band</i>	<i>Price Level Index</i>	<i>Higher Interest Threshold</i>
A	0<30	£8,200
B	30<50	£16,400
C	50<70	£24,600
D	70<90	£32,800
E	90<110	£41,000
F	110<130	£49,200
G	130+	£57,400

- (14) In relation to the tables in paragraphs (12)(b) and (13)(b) the following conditions apply—

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- (a) the price level index for the United Kingdom is 100;
- (b) price level indices are to be calculated using the most recent provisional comparative price level indices measured in gross domestic product produced by the World Bank's Development Indicators ;
- (c) subject to sub-paragraph (d), where a price level index cannot be calculated under sub-paragraph (b), the applicable thresholds are those for band A;
- (d) the Authority may determine that the applicable threshold for a borrower is to be that for a country other than the borrower's present country of residence.”.