



Over-Repayment of Income Contingent Loans Through PAYE Financial Years 2015-16 to 2019-20

Introduction and Context

The Student Loans Company (SLC) publishes official statistics about the financial support received by students / learners and the progress of student loan balances and repayments. To supplement this information, given the level of public interest in this area, we are adding an ad hoc publication regarding over-repayment of Income Contingent Loans to our official statistics collection.

Based on this data, SLC has seen a decrease in the total over-repayment amount each financial year over the period 2015-16 to 2019-20. The number of customers who have over-repaid in financial year 2019-20 has also reduced in comparison to 2015-16. Over recent years, a number of initiatives have been introduced to reduce over-repayments and improve the repayment process for SLC customers including introduction of the Online Repayment Service, automatic refunds and encouraging uptake of the direct debit scheme. Additionally, the frequency of data received from HMRC has increased from annually to weekly. Therefore, these changes have impacted over-repayments and the decrease reported reflects this.

Overview

This is an ad hoc publication from SLC to provide the number of customers who have over-repaid their student loan at the end of their repayment term and the total amount over-repaid. The average over-repayment amount and the amount over-repaid pending a refund has also been provided. SLC intends to publish this data on an annual basis. Please note that this data excludes Mortgage Style loan balances, ICR Advanced Learner Loans and Repayment of Teacher Loans (RTL). This data represents those repaying via Pay-As-You-Earn ("PAYE") only and not those customers with a Self-Assessment repayment within the financial year, as this data is received from HMRC at a later point. The data covers full financial years 2015-16 to 2019-20.

Student loan over-repayments occur due to the nature of the Income Contingent Repayment ("ICR") (post-1998) student loan repayment scheme, where repayments are made through the UK tax system via PAYE. Up until April 2019, SLC received student loan repayment information annually from HMRC, and the result of this process means that some borrowers nearing the end of their repayments may over-repay.

From April 2019 HMRC has sent SLC student loan repayment information as reported by employers on a weekly basis, known as More Frequent Data Sharing ("MFDS"). For customers who are paid monthly through the PAYE system, SLC receives information of student loan deductions monthly. HMRC still provides SLC with annual information within one year of the financial year ending, which is reviewed and applied to customer accounts as before. This end of year file is the end of financial year position for PAYE borrowers. This can result in adjustments to customer balances, so only financial years where the HMRC end of year file is available have been included in this analysis. As financial year 2020-21 has only recently ended, the end of year file has not yet been made available and so it has not been included.

The introduction of MFDS between SLC and HMRC has helped reduce over-repayments however, over-repayments will still arise unless a borrower switches to the direct debit scheme when eligible to do so in the final two years of loan repayment. SLC writes to every customer when they are within 12 months from repaying their balance inviting them to switch to direct debit payments to avoid over-repaying. At four and seven weeks later, a reminder email and SMS message will be sent to the customer. Therefore, it is important that contact details are kept up to date (as

borrowers are required to do under the terms and conditions of their loans) to allow this. Once the borrower has repaid the set amount over the agreed time via direct debit, the balance will be cleared and an over-repayment avoided. In the financial year 2019-20 the take-up of the scheme was 21% of eligible customers.

If a borrower declines the offer of the direct debit scheme, they will be sent another letter 3 months from the date they will repay in full, advising them to contact SLC and repay the remainder of their loan. Otherwise, when the next or subsequent repayment file received from HMRC is applied to their account it can create a credit balance. SLC will then instruct HMRC to issue a Stop Notice to the employer to advise them to stop taking deductions.

The process to initiate over-repayment refunds is automated, in that when a borrower fully repays and goes into a credit balance, we automatically contact them to notify them they are due a refund. From January 2020, SLC began to automatically refund credit balances of up to the value of £750 on a monthly basis, where the customer's bank details are verified. SLC depends on borrowers keeping their details up to date and if borrowers fail to notify SLC of any changes to their contact details, this can delay any refunds due being issued. Additionally, where no contact has been possible with a customer, over-repayments of £25 or less are written off. Alternatively, a borrower can contact SLC to request a refund.

SLC launched the Online Repayment Service ("ORS") in July 2020, which is designed to enable borrowers to better manage the end of their repayment journey. Customers can [sign into ORS here](#). Through ORS, borrowers can update their contact details and will have greater visibility of the final stages of their loan repayment. This will enable them to make the decision to join the direct debit scheme at the right time. Borrowers can see whether they have over-repaid/are in credit by visiting ORS. If the outstanding balance is a minus figure, borrowers should get in touch for a refund but should check online in the first instance. Further information on claiming a refund can be found on gov.uk under [getting a refund](#).

The data shows a total count for UK domiciled students funded by Student Finance England, Student Finance Wales, Student Finance Northern Ireland and the Student Awards Agency Scotland. The time period covered by the publication is from 2015-16 to 2019-20. This data includes Plan 1, Plan 2 and Postgraduate Loan repayment plans. Plan 2 customers entered repayment in 2016. Information on which repayment plan you are on can be found in the [repaying your student loan](#) section of gov.uk.

What can you use these statistics for?

These statistics can be used as a reference to the number of Student Loans Company (SLC) customers who made over-repayments at the end of the financial years 2015-16 to 2019-20, the total amount over-repaid, the average over-repayment and the amount pending a refund.

The data used in this publication is sourced from Student Loans Company's 'Customer Ledger Account Servicing System' (CLASS). This system only holds information on borrowers who have received funding from SLC. Due to this, these statistics cannot be used to analyse trends or to draw conclusions regarding the full UK education funding landscape.

Caveats and Data Definitions

- The data excludes Mortgage Style loan balances, ICR Advanced Learner Loans, Repayment of Teacher Loans (RTL) and customers with a Self-Assessment repayment within the financial year.
- Balances at the start of the financial year are based on customer's interest transactions records and balances across the financial year are calculated from the starting balance along with the customer's account transactions. This means that where the 'Total Over-Repaid Amount' and 'Over-Repaid Pending Refund' figures are quoted, the difference is not necessarily the refund amount. All other account activity will be captured including write-offs, other payments etc.

- Customers are only counted as over-repaying when their credit balance exceeds £5 and so if a customer goes further into credit by more than £5 within a financial year then they will be included.
- A customer is only counted once in each financial year.
- Customers who are in credit by at least £5 and who over-repay by more than £5 in successive years will be counted in each of those years.
- Customers must have made a PAYE repayment within the financial year.
- The 'Total Over-Repaid Amount' is the total PAYE repaid amount causing a customer's balance to go into/further into credit. Where a customer's balance is in debit & a PAYE puts them into credit, only the credit causing part of the repayment is included.
- The 'Average Over-Repayment' is the mean given by 'Total Over-Repaid Amount' divided by 'No. of Customers'.

Results

Figure 1: Total over-repayment amount, Total number of customers who made an over-repayment, Average over-repayment amount and Total amount over-repaid pending refund for Financial Years 2015-16 to 2019-20 – All Domiciles

Coverage: Students domiciled in the UK and EU in repayment of a student loan(s).

Effective Date: 28 March 2021.

Financial Year of Repayment	Total Over-Repaid Amount	No. of Customers	Average Over-Repayment	Over-Repaid Pending Refund
2015-16	£53,536,754	88,413	£606	£6,506,967
2016-17	£51,722,798	87,185	£593	£5,886,982
2017-18	£38,694,904	69,810	£554	£5,031,805
2018-19	£29,241,663	52,158	£561	£5,354,162
2019-20	£23,113,871	54,516	£424	£3,036,902

Note:

Domiciles included: England, EU (Outside UK), Northern Ireland, Scotland, Wales and Mixed.

Mixed domiciled refers to customers who have received funding through two or more funding bodies.

Where the 'Over-Repaid Pending Refund' balance is negative this is likely to have been caused by an over-paid refund or where another payment has been made to the customer.

Any movement from previously released figures in this area are resulting from late posting of transactions, adjustments or reversals occurring after run date.

Figure 2: Total over-repayment amount, Total number of customers who made an over-repayment, Average over-repayment amount and Total amount over-repaid pending refund for Financial Years 2015-16 to 2019-20 - by Domicile.

Coverage: Students domiciled in UK and EU in repayment of a student loan(s) – by Domicile.

Effective Date: 28 March 2021.

Domicile	Financial Year	Over-Repaid Amount	No. of Customers	Average Over-Repayment	Over-Repaid Not Refunded
England	2015-16	£42,589,351	67,522	£631	£5,129,844
	2016-17	£40,219,239	65,179	£617	£4,379,073
	2017-18	£27,692,678	48,166	£575	£3,392,475
	2018-19	£19,115,991	32,269	£592	£3,364,708
	2019-20	£15,731,811	34,159	£461	£2,086,928

Northern Ireland	2015-16	£1,756,350	3,024	£581	£96,859
	2016-17	£2,001,103	3,345	£598	£146,351
	2017-18	£1,990,915	3,337	£597	£152,211
	2018-19	£1,771,780	2,989	£593	£122,468
	2019-20	£1,506,877	3,106	£485	£117,802
Scotland	2015-16	£6,296,962	13,073	£482	£1,184,997
	2016-17	£6,332,681	13,421	£472	£1,363,396
	2017-18	£5,694,296	12,949	£440	£1,457,227
	2018-19	£5,157,575	11,845	£435	£1,674,135
	2019-20	£3,388,794	11,878	£285	£1,181,008
Wales	2015-16	£2,368,246	4,042	£586	£46,160
	2016-17	£2,514,245	4,287	£586	-£49,832
	2017-18	£2,530,216	4,306	£588	-£11,941
	2018-19	£2,368,377	3,936	£602	£49,557
	2019-20	£1,808,811	4,106	£441	-£443,306
EU (Outside UK)	2015-16	£461,989	659	£701	£63,497
	2016-17	£596,417	842	£708	£68,586
	2017-18	£718,879	939	£766	£116,477
	2018-19	£731,040	997	£733	£151,802
	2019-20	£586,661	1,119	£524	£160,234
Mixed	2015-16	£63,857	93	£687	-£14,389
	2016-17	£59,113	111	£533	-£20,591
	2017-18	£67,920	113	£601	-£74,645
	2018-19	£96,901	122	£794	-£8,508
	2019-20	£90,916	148	£614	-£65,765

Note:

Mixed domiciled refers to customers who have received funding through two or more funding bodies.

Where the 'Over-Repaid Pending Refund' balance is negative this is likely to have been caused by an over-paid refund or where another payment has been made to the customer.

Any movement from previously released figures in this area are resulting from late posting of transactions, adjustments or reversals occurring after run date.

Definitions

Domicile	The country in which the applicant would normally reside in the three years prior to the start of the course.
Over-Repayment	Over-repayment occurs when a customer is repaying through the PAYE system and their balance goes into/further into credit.

Data Sources

This publication uses data from SLC's administrative systems. For details of the administrative data sources used in our publications see the [Statement of Administrative Sources](#).

Data Quality

SLC has published the Quality Guidelines that it follows. As per those guidelines a Quality Plan is produced for each publication. The Quality Plan stipulates two stages of Quality Assurance. Data is extracted from the administrative systems then reviewed using a standard Quality Assurance checklist. The statistical tables created using that data

are quality assured using the Statistical Quality guidelines. See our [Quality Guidelines](#) for further information.

Related Statistics Publications

SLC publish statistics on student loans for higher and further education for England, Wales, Northern Ireland and Scotland, which includes further details about repayments. These are published at the same time as part of the series [Student loans for higher and further education](#). The latest release of this series covers financial years up to and including 2019-20 and the next release covering up to 2020-21 will be published on 10 June 2021.

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