

12 December 2018

Ref: FOI2018/20515

Freedom of Information Act 2000: Student loans

Thank you for your enquiry of 13 November 2018, which we have considered under the terms of the Freedom of Information Act 2000 (the FOI Act).

You asked for the following information:

“Student loans were originally interest free loans, but they have been given to a private company who now charges over 6% compound interest on them. Given it is estimated that 83% of these loans will never be paid off and I right to believe that it will be us, the taxpayers, who will have to pay back the unpaid loans with interest when the term of the loan is ended? (ie; a 30k loan will become a 300k debt we will have to pay back after 40 years).

If this is the case can you tell me what is the projected annual cost to the taxpayer of compensating the student loan company for all the anticipated unpaid student loans at a point 40 years from now please?”

I can confirm that HM Treasury does hold information within the scope of your request, and can advise that the information is published by the Office for Budget Responsibility (OBR). Under section 21 of the FOI Act, the Treasury is not obliged to re-issue information where it is already publicly accessible, however, we have included the link to this below.

The Student Loans Company (SLC) is not a private company. As set out on its website (<https://www.slc.co.uk>), the SLC is a non-profit making Government-owned organisation set up in 1989 to provide loans and grants to students in universities and colleges in the UK.

Taxpayers do not pay back unpaid loans plus interest; the loans are paid out in cash at issuance. Any unpaid loan balances are written off after 30 years and reflected in Government accounts.

The write-off of unpaid loan balances is projected in the OBR’s Fiscal Sustainability Report (FSR), which can be found here:

<https://obr.uk/fsr/fiscal-sustainability-report-july-2018/>

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

Information Rights Unit

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