

Over-repayment of income contingent loans through PAYE Financial years 2015-16 to 2021-22

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, an ad hoc publication regarding over-repayment of Income Contingent Loans was added to our official statistics collection on 27 May 2021. SLC intends to publish this data on an annual basis.

Based on this data, SLC has seen a 19% increase in the total over-repayment amount in financial year 2021-22, and a 15% increase in the number of customers who over-repaid in the same financial year. This contrasts with the previous year-on-year downward trend in both overpayments and the number over-repaying. Since financial year 2015-16 however, the amount over-repaid has reduced by 62%, and the number over-repaying by 41%.

The increase in customers in an over-repayment position can be predominantly attributed to effects of the COVID-19 pandemic. With SLC transitioning to fully remote working, the decision was taken, in agreement with the Department for Education, to pause some customer contact practices within the repayments function. As a result, SLC was able to fully focus on ensuring students and providers received timely payments - providing some peace of mind during a particularly challenging period.

The temporarily paused processes were 1) the contacting of borrowers to recommend they join the Direct Debit Scheme in their final years of repayments, and 2) the issuing of letters to borrowers advising them of a credit balance. Once these processes were reinstated, and whilst working through the inevitable backlog, additional campaigns were launched to further reduce the number of those in over-repayment including increasing the automatic refund amount from £500 to £3,000.

It should therefore be noted that FY 2021-22 is considered to be an outlying year due to the COVID-19 pandemic and therefore less comparable to previous years. An early-look at FY 2022-23 indicates that the declining trend has resumed, and over-repayments are at an all-time low.

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. The frequency of data received from HMRC has also increased from annually to weekly. Additionally, further campaigns have been run to contact customers who have over-repaid, advising them to claim their refund. Therefore, these changes have reduced over-repayments and the overall 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, the amount over-repaid pending a refund, the number of customers pending a refund and the number of customers refunded has also been provided. 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 2021-22.

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.

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 23 months 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, please refer to our [Customer Compliance Statement of Intent](#) for details) 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 2021-22, the take-up of the direct debit scheme was 22% of eligible customers. This is relatively at the same position as in FY 2020-21 (- 1%), however, at 31 January 2023 the % of those using the direct debit scheme has **increased to a three-year high of, of 33% for FY 2022-23.**

If a borrower does not respond to 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 that they are due a refund. Customers should then contact SLC to claim their refund. Where no contact is made by the customer, if their bank details are verified, SLC will automatically refund credit balances of up to the value of £5,000 on a monthly basis. 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 was possible, over-repayments of £25 or less are written off. Customers can request for this to be reversed.

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](#) on GOV.UK. 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 2021-22. 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 2021-22, the total amount over-repaid, the average over-repayment, the amount pending a refund, the number of SLC customers pending a refund and the number of customers refunded.

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, total amount over-repaid pending refund, total number of customers pending a refund and total number of customers refunded for financial years 2015-16 to 2021-22 – all domiciles

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

Effective date: 31 January 2023

| Financial year of repayment | Total over-repaid amount | No. of customers | Average over-repayment | Over-repaid pending refund | No. of customers pending refund | No. of customers refunded |
|-----------------------------|--------------------------|------------------|------------------------|----------------------------|---------------------------------|---------------------------|
| 2015-16 | £ 53,573,034 | 88,451 | £ 606 | £ 4,003,721 | 5,651 | 82,800 |
| 2016-17 | £ 51,763,275 | 87,242 | £ 593 | £ 3,746,123 | 5,788 | 81,454 |
| 2017-18 | £ 38,725,591 | 69,855 | £ 554 | £ 3,242,543 | 4,867 | 64,988 |
| 2018-19 | £ 29,323,085 | 52,243 | £ 561 | £ 3,248,961 | 4,341 | 47,902 |
| 2019-20 | £ 23,227,081 | 54,649 | £ 425 | £ 2,243,849 | 5,231 | 49,418 |
| 2020-21 | £ 17,056,381 | 45,302 | £ 377 | £ 1,418,109 | 7,701 | 37,601 |
| 2021-22 | £ 20,354,089 | 52,187 | £ 390 | £ 1,520,017 | 25,786 * | 77,973 |

Note:

*In FY 2021-22, as there has been a shorter period since the customer has gone into over-repayment, fewer customers will have had their bank details verified as part of the refund process. Therefore, the number of customers pending a refund is still very high in comparison to previous years.

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.

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

Constituent parts (Figure 2) may not add to totals due to rounding.

Figure 2: Total over-repayment amount, total number of customers who made an over-repayment, average over-repayment amount, total amount over-repaid pending refund, total number of customers pending a refund and total number of customers refunded for financial years 2015-16 to 2021-22 - by domicile

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

Effective date: 31 January 2023

| Domicile | Financial year | Total over-repaid amount | No. of customers | Average over-repayment | Over-repaid pending refund | No. of customers pending refund | No. of customers refunded |
|------------------|----------------|--------------------------|------------------|------------------------|----------------------------|---------------------------------|---------------------------|
| England | 2015-16 | £ 42,621,018 | 67,553 | £ 631 | £ 2,982,182 | 3,860 | 63,693 |
| | 2016-17 | £ 40,259,508 | 65,219 | £ 617 | £ 2,630,593 | 3,801 | 61,418 |
| | 2017-18 | £ 27,712,258 | 48,188 | £ 575 | £ 2,011,551 | 2,888 | 45,300 |
| | 2018-19 | £ 19,169,546 | 32,315 | £ 593 | £ 1,941,211 | 2,408 | 29,907 |
| | 2019-20 | £ 15,820,565 | 34,237 | £ 462 | £ 1,301,223 | 2,881 | 31,356 |
| | 2020-21 | £ 12,090,549 | 29,969 | £ 403 | £ 916,941 | 5,059 | 24,910 |
| | 2021-22 | £ 14,882,878 | 36,802 | £ 404 | £ 1,098,932 | 18,396 | 55,198 |
| Northern Ireland | 2015-16 | £ 1,756,069 | 3,024 | £ 581 | £ 114,419 | 233 | 2,791 |
| | 2016-17 | £ 2,001,446 | 3,348 | £ 598 | £ 142,471 | 261 | 3,087 |
| | 2017-18 | £ 1,996,931 | 3,346 | £ 597 | £ 140,330 | 256 | 3,090 |
| | 2018-19 | £ 1,777,809 | 2,995 | £ 594 | £ 135,787 | 223 | 2,772 |
| | 2019-20 | £ 1,514,026 | 3,115 | £ 486 | £ 123,852 | 335 | 2,780 |
| | 2020-21 | £ 1,225,899 | 2,727 | £ 450 | £ 59,543 | 451 | 2,276 |
| | 2021-22 | £ 1,484,394 | 3,153 | £ 471 | £ 65,860 | 1,450 | 4,603 |
| Scotland | 2015-16 | £ 6,297,279 | 13,072 | £ 482 | £ 703,332 | 1,211 | 11,861 |
| | 2016-17 | £ 6,329,970 | 13,427 | £ 471 | £ 775,766 | 1,354 | 12,073 |
| | 2017-18 | £ 5,695,501 | 12,954 | £ 440 | £ 814,643 | 1,300 | 11,654 |
| | 2018-19 | £ 5,163,321 | 11,854 | £ 436 | £ 860,886 | 1,271 | 10,583 |
| | 2019-20 | £ 3,394,914 | 11,891 | £ 286 | £ 595,582 | 1,469 | 10,422 |
| | 2020-21 | £ 1,709,488 | 8,063 | £ 212 | £ 328,163 | 1,400 | 6,663 |
| | 2021-22 | £ 1,598,703 | 6,983 | £ 229 | £ 224,095 | 3,324 | 10,307 |
| Wales | 2015-16 | £ 2,369,994 | 4,046 | £ 586 | £ 151,700 | 288 | 3,758 |
| | 2016-17 | £ 2,516,330 | 4,292 | £ 586 | £ 136,983 | 291 | 4,001 |
| | 2017-18 | £ 2,533,916 | 4,314 | £ 587 | £ 206,303 | 353 | 3,961 |
| | 2018-19 | £ 2,381,412 | 3,956 | £ 602 | £ 231,204 | 354 | 3,602 |
| | 2019-20 | £ 1,817,274 | 4,136 | £ 439 | £ 157,870 | 420 | 3,716 |
| | 2020-21 | £ 1,502,797 | 3,272 | £ 459 | £ 72,532 | 558 | 2,714 |
| | 2021-22 | £ 1,744,185 | 3,840 | £ 454 | £ 76,847 | 1,837 | 5,677 |
| EU (outside UK) | 2015-16 | £ 464,816 | 663 | £ 701 | £ 42,102 | 52 | 611 |
| | 2016-17 | £ 596,369 | 844 | £ 707 | £ 54,000 | 67 | 777 |
| | 2017-18 | £ 719,069 | 940 | £ 765 | £ 61,957 | 60 | 880 |
| | 2018-19 | £ 734,106 | 1,001 | £ 733 | £ 68,848 | 72 | 929 |
| | 2019-20 | £ 588,437 | 1,118 | £ 526 | £ 53,641 | 106 | 1,012 |
| | 2020-21 | £ 450,627 | 1,105 | £ 408 | £ 36,964 | 201 | 904 |
| | 2021-22 | £ 520,257 | 1,211 | £ 430 | £ 50,433 | 680 | 1,891 |
| Mixed | 2015-16 | £ 63,858 | 93 | £ 687 | £ 9,986 | 7 | 86 |
| | 2016-17 | £ 59,650 | 112 | £ 533 | £ 6,310 | 14 | 98 |
| | 2017-18 | £ 67,917 | 113 | £ 601 | £ 7,759 | 10 | 103 |
| | 2018-19 | £ 96,892 | 122 | £ 794 | £ 11,025 | 13 | 109 |
| | 2019-20 | £ 91,865 | 152 | £ 604 | £ 11,682 | 20 | 132 |
| | 2020-21 | £ 77,021 | 166 | £ 464 | £ 3,966 | 32 | 134 |
| | 2021-22 | £ 123,672 | 198 | £ 625 | £ 3,849 | 99 | 297 |

Note:

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

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 refer to 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. Please refer to 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 2021-22, published on 16 June 2022.

Issued by:

The Student Loans Company
100 Bothwell Street
Glasgow
G2 7JD

Press Office: press_office@slc.co.uk

Lead Official for Statistics: enterprise_data_analytics@slc.co.uk

Online: [SLC Statistics](#)