



Llywodraeth Cymru
Welsh Government

Student Finance Wales Information Notice

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Cancellation of Student Loans for Living Costs Liability 2019

Circulation

Higher education institutions
Further education institutions
Other providers providing designated higher education courses
The Student Loans Company
UCAS
The Open University in Wales
NUS Wales
Higher Education Funding Council for Wales
Universities Wales
Colleges Wales
and other interested parties

Introduction

This Notice provides information about the Welsh Government's 'Cancellation of Student Loans for Living Costs Liability' policy and how it operates. This is intended as a guide to the Welsh Government's policy. Regulations¹ govern how the policy works. In the event of a conflict between this guidance and the regulations, the regulations prevail.

Cancellation of Student Loans for Living Costs Liability

What is the policy?

Since the 2010/11 academic year the Welsh Government has cancelled up to £1,500 of a student's maintenance loan balance when they make the first repayment to their loan. This policy will continue for the 2019/20.

Who does the policy apply to?

The policy applies to students who received a maintenance loan from Student Finance Wales to support them to study a full-time undergraduate course. Those who receive loans for part-time undergraduate study or postgraduate study are not eligible.

¹ The Cancellation of Student Loans for Living Costs Liability (Wales) Regulations 2019
<http://www.legislation.gov.uk/wsi/2019/1073/contents/made>

If a student received a maintenance loan from Student Finance Wales in the 2010/11 academic year, or in any subsequent academic year, they could have up to £1,500 cancelled from their loan balance by the Welsh Government.

The cancellation will be applied to the student's principal loan balance by the Student Loans Company when the student makes their first repayment. This can either be when they make a compulsory repayment when their earnings exceed a certain threshold, or when they choose to make a voluntary repayment (including if they make a voluntary repayment while still in study).

Students will not qualify for the cancellation if they have any outstanding charges, costs, expenses or penalties in relation to their loan or if they are in breach of their loan agreement.

If students take out a maintenance loan in more than one academic year, as many students do, the cancellation will be applied to the first maintenance loan they took out. So, if a student has a loan in both the 2018/19 and 2019/20 academic years, the cancellation will be applied to the 2018/19 loan.

How much will be cancelled?

A cancellation is triggered the first time a repayment is made. It is made to the outstanding balance *after* the first payment has been credited to the student's account:

- if the balance is zero (i.e. the student has repaid the full outstanding balance in one go) the cancellation is zero and the student is not eligible for a further cancellation;
- if the balance is less than £1,500 the student will receive a cancellation to the amount of the outstanding balance and the student is not eligible for a further cancellation; and
- if the balance is £1,500 or greater then the student will receive a cancellation of £1,500 and the student is not eligible for a further cancellation.

If the cancellation applied is less than £1,500, including where it is £0, no further cancellation will be applied to any future loan debt.

Annex A provides examples.

When will a cancellation be deducted from a student's balance?

Once they have made their first repayment, if a student is eligible for a cancellation, the Student Loans Company will calculate how much will be cancelled from their balance. The cancellation will be applied shortly after the repayment is made and will normally be shown on their next statement.

Will a student still be eligible for a cancellation even if they do not make a repayment for several years after they have completed their course?

As long as a student took out a maintenance loan during or after the 2010/11 academic year and is eligible for a cancellation, the cancellation will be applied when they make their first repayment. If their income remains below the repayment threshold for several years, they will still be eligible for a cancellation when they make a repayment in the future.

Can a student receive the cancellation more than once?

No. Students are only entitled to receive the cancellation once even where the amount of cancellation was £0 due to them paying their outstanding loan balance in full.

Further information and guidance

Further information and guidance will be available from the Student Finance Wales website.

Annex A – Cancellation examples

Making a repayment after a student has completed their course

If a student has completed their course, the amount of cancellation will depend on:

- how much is repaid; and
- the balance after the first repayment is made.

Example 1

Maintenance loan balance	First repayment amount	Outstanding balance	Amount cancelled*
£200	£200	£0	£0
£1,000	£5	£995	£995
£3,000	£1,000	£2,000	£1,500

* No further cancellations will be applied.

Making a repayment while studying

If a student is currently receiving maintenance loan payments and makes a repayment to their loan, then the amount of cancellation will depend on:

- when the repayment is made; and
- their balance at the time of the repayment.

Example 2

A £50 repayment is made during term 2 of a student's course.

	£
Term 1 maintenance loan payment	600
Term 2 maintenance loan payment	600
Voluntary repayment	50
Outstanding balance	1,150

Cancellation of Student Loans for Living Costs Liability

Cancellation applied*	1,150
Term 3 maintenance loan payment	600
Maintenance loan balance	600

* No further cancellations will be applied.

Example 3

A £50 repayment is made during term 3 of a student's course.

	£
Term 1 maintenance loan payment	600
Term 2 maintenance loan payment	600
Term 3 maintenance loan payment	600
Voluntary repayment	50
Outstanding balance	1,750
Cancellation applied*	1,500
Maintenance loan balance	250

* No further cancellations will be applied.

Example 4

Student repays the full outstanding amount after receiving their term 2 loan payment.

	£
Term 1 maintenance loan payment	600
Term 2 maintenance loan payment	600
Voluntary repayment	1,200
Outstanding balance	0
Cancellation applied*	0
Term 3 maintenance loan payment	600
Maintenance loan balance	600

* No further cancellations will be applied.