

Change to pre-2012 income contingent (ICR) student loans interest rate

News story

The Department for Education (DfE) has announced a change to the pre-2012 income contingent (ICR) student loans interest rate.



Pre-2012 income contingent (ICR) student loans have an interest rate of either RPI (from the March prior to the September when the new interest rates are implemented) or the Bank Base Rate + 1%, whichever is the lower (this is known as the “low interest cap”). The low interest cap mechanism means that the interest rate on Plan 1 loans may change in-year, if the Bank Base Rate changes.

On 3 February, the Bank Base Rate changed to 0.5%. This means that the Bank Base Rate + 1% is now 1.5%.

In line with this, from 3 March 2022 the interest rate for pre-2012 ICR loans will increase to 1.5%.

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