

Loan system overhaul to benefit millions of students and graduates

Millions of graduates will be able to bin their paper statements and access their student loan account online as part of a major revamp to the system, Education Secretary Gavin Williamson has announced today (30 December).

A new online repayment service will go live in 2020 and will allow graduates to see and manage more up to date information about their student loan balance.

The service is part of improvements to modernise the Student Loans Company (SLC) repayment system and will largely replace annual paper statements – although those who prefer the existing paper statements will still be able to receive them.

To stop students over-repaying their loans altogether, the Universities Minister is also calling on graduates to switch to direct debit towards the end of their loan – rather than continue with automatic deductions from their salary.

Earlier this year, the Government [introduced legislation](#) to bring in more frequent data sharing between the SLC and HMRC so students can see more up to date loan balances.

Education Secretary Gavin Williamson said:

Student loans can remain part of graduates' lives for many years, so it's only right we do all we can to improve the system for them. These changes will make it easier for students to understand their balance, manage their loan and avoid over-repaying.

The student loan system helps make sure anyone with the drive and desire to benefit from our world-leading universities can do so, and it's right we invest in that system so it works for students and taxpayers.

Universities Minister Chris Skidmore said:

With more and more people enjoying the benefits of a university education, it's only right that graduates have easy access to the information they need about repaying their student loan.

The Government is investing in the student loans system to make it as simple and easy for people to use as possible. I urge all graduates to use this new service and to join the direct debit scheme as they approach the end of their loan to ensure a smooth

end and not repay more than they should.

From April 2020, graduates will only need to start paying back their loans [once they earn £26,575](#) – a third consecutive annual increase in the repayment threshold. The Government has acted to help graduates keep more money in their pockets in the early stages of their careers.

Under the current student loans plan, borrowers contribute an affordable amount based on their income, only once they reach the salary threshold. The Government subsidises around half of the overall cost of higher education.