

Student Loans Interest Rates and Repayment Threshold Announcement

The Department for Education (DfE) today (10 August 2022) confirmed annual updates to interest rates and repayment thresholds for Income Contingent Student Loans, and the interest rates and deferment threshold for Mortgage Style Student Loans.

Income Contingent Student Loans

Undergraduate loans

Income Contingent Student Loans for pre-2012 (Plan 1) loans

The interest rate on pre-2012 income-contingent repayment student loans is RPI or the Bank Base Rate + 1%, whichever is lower. The low interest rate cap is in effect, and therefore the rate to be charged from 1 September 2022 will be the Bank Base Rate (1.75%) +1%, that is, 2.75%. This rate may be adjusted during the year, if and when the Bank Base Rate changes.

If the low interest rate cap no longer applies during the year the interest rate on Plan 1 Income Contingent Repayment Loans during the period 1 September 2022 until 31 August 2023 will be 9%, the applicable rate of RPI for the period 1 September 2022 to 31 August 2023.

Please monitor this website regularly as the rates may change during the academic year.

From 6 April 2023, the repayment threshold for pre-2012 (Plan 1) loans will rise to £22,015.

Income Contingent Student Loans for post-2012 (Plan 2) loans

Interest rates for post-2012 income contingent student loans vary between RPI and RPI +3%, depending on your circumstances. These rates are subject to any caps to reflect the Prevailing Market Rate.

Prevailing Market Rate cap:

From 1 September 2022 until 31 August 2023, the interest rate for borrowers on a post-2012 (Plan 2) loan will be a maximum of 7.3%, as announced by DfE Ministers on 11 June 2022.

From 1 September 2022 to 30 November 2022:

The interest rate will be 6.3% for all post-2012 (Plan 2) loans, reflecting a further reduction of the Prevailing Market Rate.

From 1 December 2022 to 31 August 2023:

The interest rate will be 7.3% as announced on 11 June 2022.

The income threshold for post-2012 (Plan 2) from April 2023 will be £27,295.

Postgraduate Loans

The Interest rate for Postgraduate Master's or Doctoral loans is RPI plus 3%. This rate is subject to any caps to reflect the Prevailing Market Rate.

Prevailing Market Rate cap:

From 1 September 2022 until 31 August 2023, the interest rate on a Postgraduate Master's or Doctoral loan will be a maximum of 7.3%, as announced by DfE Ministers on 11 June 2022.

From 1 September 2022 to 30 November 2022:

The interest rate will be 6.3% for Postgraduate loans, reflecting a further reduction of the Prevailing Market Rate cap.

From 1 December 2022 to 31 August 2023

The maximum interest rate will be 7.3% as announced on 11 June 2022.

The income thresholds for Postgraduate Masters and Doctoral Loans to apply from April 2023 will be announced in due course.

Mortgage Style Loans

From 1 September 2022 until 31 August 2023, the interest rate for mortgage style loans will be RPI, that is, 9%.

The deferment threshold for mortgage style loans will be £35,092.

Any queries from borrowers who have mortgage style loans should be addressed to their loan administrator.