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Dear Mr Lewis

Thank you for your letter dated 24 July 2020. I understand you have also sent a letter to the Minister for Universities, Michelle Donelan MP, and I have copied her into my reply.

You will not be surprised that I am disappointed with the words you have used to describe the Student Loans Company's new online repayment service, which I fear risk undermining the public's trust and confidence in SLC and the services we provide – particularly at a time when we have record numbers of applications to process from prospective students. SLC's aim, throughout the Covid-19 pandemic, is to maintain confidence in the quality of financial transactions we make and the quality of financial information we publish. Moreover, we are fully focussed on developing the brilliant, digital service students and graduates have been asking for.

While I understand and appreciate the aims of your campaign, I am certain that you know that any change of the magnitude you are suggesting – for example removing the concept of a balance and introducing the concept of a graduate contribution – is a decision for ministers and government, not for the SLC. Indeed, the Augar review notes that the current language we use is prescribed in the primary legislation underpinning the student finance system – we have no choice but to use it.

The online repayment service was initiated as a result of the joint data sharing initiative between HMRC and SLC. It was not intended to be a response to the Augar review or your own proposals that the review echoes, but rather to make a step change improvement in the timeliness of the statement, increase the functionality of our online service and to prevent over-repayments.

As you may be aware, until 2019 HMRC provided repayment data to SLC on an annual basis following the completion of the tax year, meaning annual statements and online balances were out-of-date by the time they were available to repayment customers. Following a combined project to enable more frequent data sharing, as of 2019, HMRC now provides this information to SLC on a weekly basis. This means that for the first time we can provide customers with an up-to-date statement of their account. Prior to the introduction of the online repayment service, SLC received around 200,000 calls annually from customers asking for up-to-date balance information. This is a change driven by our customers.

Critically, the provision of up-to-date balance information will make it easier for customers to avoid over-repaying as they reach the final stages of loan repayment. In 2019-20, we refunded £60,280,582 to customers who had over-repaid at the end of their loan. Significantly reducing the number of customers who over-repay their loans and the value by which they over-repay is a priority for SLC, and the new service supports this.

You quite rightly highlight that not all customers will reach the final stages of loan repayment. I am not seeking to dispute this and indeed we've included significant additional information on the new service to explain the unique nature of student loans. But I would highlight that over 61% of our customers in repayment have plan 1 loans, which have lower average balances and lower repayment thresholds than plan 2. Indeed plan 2 loans are only available in England and Wales, not Scotland or Northern Ireland. We have four shareholder governments each with their own policy context and must provide a service that is relevant for repayers across all four nations of the UK and under all plan types. In the last tax year over 120,000 customers repaid in full, and for them access to an up-to-date balance is critical.

The new service is also a significant improvement for those customers who repay directly to SLC. While the majority of customers repay via HMRC, around 230,000 customers reside overseas and if eligible to repay, must do so directly to SLC. The online repayment service provides these customers with a simple and accessible way to make these repayments and meet their obligations to HM Government.

The 'make a quick repayment' function was designed specifically because overseas customers have told us they want the ability to have a third party make a repayment on their behalf without having to share their login details. I have attached, for your information and in confidence, a summary of the user research behind this function.

It is deeply regrettable that when we launched the new online repayment service the additional information about the unique nature of student loans was missing from the 'make a quick repayment' page. This was a technical oversight, and the information was available on every other relevant page. We added this information within hours of becoming aware it was missing and I am grateful to your team for highlighting its absence to us.

Whilst SLC cannot change policy, we have listened to the feedback of our customers and your own team and used that to inform improvements within the confines of the current policy landscape. In providing up-to-date account information for the first time; significantly reducing the instance and value of over-repayments; and providing clear, concise and timely additional information about the unique nature of student loans, the launch of the online repayment service should be perceived as a step in the right direction, not as you have said a 'doubling down' or 'irresponsible and dangerous'. I understand your disappointment that the new service doesn't respond to your or the Augar review's recommendations. But those are for government and ministers to respond to – not SLC. We stand ready to implement any changes government does decide to make.

You will be aware that we met with your team twice and also offered to brief you directly as we developed the new online repayment service. I thank you for your recent offer to meet and I am

happy to accept. I hope that we can build a collaborative relationship and I am keen to discuss any suggested improvements that are within the limitations of the current regulatory and policy context in which we operate. Ultimately, I think we are working towards the same goal – the best possible experience and outcome for our customers, and I hope that we can find ways to work together in achieving this.

Yours sincerely

Paula Sussex
Chief Executive

CC: Michelle Donelan MP, Minister of State for Universities
Peter Lauener, SLC Chair



ORS Customer Research Overview

July 2020

Repayment and Counter Fraud Directorate Online Repayment Service – Research Findings Overview

28 July 2020

Official

<i>The Student Loans Company</i>	<i>ORS Research Overview</i>
<i>Department</i>	<i>Repayments and Counter Fraud</i>

Purpose

On 7 July SLC launched the new Online Repayment Service (ORS), which has been designed to make it easier for customers to access their account, manage their student loan and to avoid over-repayment. An extensive period of research and testing was undertaken to ensure the service was designed to meet user needs. We will continue to review the service to make improvements in the future in line with user needs and feedback.

This paper provides an overview of that research and describes the key findings, particularly those addressing the provision of a balance to customers and the facility of allowing customers to make a repayment without logging in to their account (“make a quick repayment”).

Research objectives

To understand our users’ needs in relation to a new online repayment service. With specific focus on why, how and when they will use the service; their understanding of their loan balance and its unique nature; their expectations of the service; what support they will need when using the service, and our users’ assisted digital needs.

Scope

SLC’s research was inclusive of our diverse customer base with a range of qualitative and quantitative methods utilised to identify and explore user need for a new repayment service.

How we conducted our research:

- Over 300 hours of research with our customers in London, Belfast, Glasgow, Newcastle, Manchester, Ayr, Cardiff and overseas.
- Conducted 360 qualitative face to face interviews and usability testing sessions.
- Trialled a small private beta of the service with 3,000 participants.
- Reviewed 5,700 quantitative survey responses.
- Techniques included 1-1 interviews, usability testing, accessibility testing, remote testing, surveys, real time feedback link, co-creation and A/B testing.

We interacted with customers:

- Who are repaying via the tax system, including PAYE & self-assessed.
- Who are earning below the threshold and not required to repay their loan.
- That are current students still studying and not yet in repayment.
- Who are currently living overseas and repay directly to SLC.
- With a single plan 1 or plan 2 loan and those multi-plan loan types.
- With assisted digital needs.
- Across all domiciles.

<i>The Student Loans Company</i>	<i>ORS Research Overview</i>
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Key findings - discovery

Prior to the design and build of ORS, a discovery phase was undertaken to explore the concept of a new service more widely with participants. This yielded the following findings:

- A primary task is for users to view their balance and update themselves on how much they have left to pay.
- Clear signposting to reassuring content is as important as viewing the loan balance.
- Users expect to see an annual snapshot of the activity on their loan balance.
- Setting up a repayment is a rare task for the majority of users.
- Users often struggle to remember their login details as it may have been a long time since they last logged in.
- Users expect to use the same details to access the repayment service as they do to access their loan application service (customer portal).
- Users expect to be able to self-serve when they have a query.
- Those who struggle to self-serve need a clear path to 1:1 assistance.
- Simple statements of key loan facts provide reassurance around the balance.

Key findings – testing the designs

Following the period of discovery, several designs were created, tested and eventually refined into the service that was launched. The key findings include:

- Users find the new service to be straightforward, clear and simple to use.
- Users expect a similar experience to their online bank account when viewing balance information.
- The ability to see pending repayments is important to confirm a repayment has successfully been made if it is not yet reflected in the balance.
- Users expect a breakdown of their balance if they have more than one loan type but are satisfied by high level balance summary information; they do not expect it to be overly complicated.
- Users are reassured by the information provided; they find it especially useful to be able to see what they will repay relevant to their earnings and are assured by knowing that their student loan does not affect their credit rating.
- Most users had all their balance related questions answered by the supporting guidance.
- Having the guidance content broken down makes it easier to process and navigate.

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View Balance user needs

One of the greatest requirements of the new service was the ability to easily view their balance:

What the research told us:

Customers need to know their balance so that they can be in control of their finances and those who were close to repaying wanted to be able to plan for their future.

Being unable to see an up-to-date balance could cause some concern and would prompt customers to phone SLC for more information.

Customers want to see how their balance had changed over time so they could have complete confidence in the amount they had left to repay.

What our customers said:

"This is really satisfying, it's so helpful to know."

"I don't think it needs to be over complicated - this is all you need."

"Really glad you've added the feature to get a live balance - this is about 100 times more useful than your old website!"

"Everything is very clear - excellent to be able to see my outstanding balance so easily. Would be great if the option to switch to direct debit had more information about how to tell your employer."

'Make a quick repayment' user needs

Most customers repay their student loan via the UK tax system, but those customers who live overseas must repay directly to SLC either via the phone or by an online service. The online service is the preferred option being convenient and accessible 24 hours a day.

What the research told us:

Repaying from overseas can incur fees or requires a customer to maintain a UK bank account. Often customers rely on family to make repayments on their behalf, but don't necessarily want to share their log in credentials.

Whilst travelling and working overseas customers have limited access to the internet and again can rely on family to make repayments on their behalf.

Some customers have a preference to make a single repayment once a month rather than setting up a regular repayment method such as direct debit. They repay the same amount each month and need a quick and simple way to do this.

What our customers said:

"Quick sign in for repayments is a huge improvement. As someone who makes manual repayments every month, this is a huge time-saver. UI was clean and fast. Nice."

"I prefer making one off repayments as I'm in control - I'd check my bank account before I make the repayment."