

These notes refer to the Student Loans (Amendment) Act (Northern Ireland) 2011 (c.2) which received Royal Assent on 25 January 2011

Student Loans (Amendment) Act (Northern Ireland) 2011

EXPLANATORY NOTES

BACKGROUND AND POLICY OBJECTIVES

3. Student loans are currently excluded by provisions in the Higher Education (Northern Ireland) Order 2005 (“the 2005 Order”) from a borrower’s bankruptcy debts, so that upon discharge from bankruptcy the borrower remains liable to repay the student loan.
4. The Department considers that it is anomalous to exclude student loans from bankruptcy but not from Individual Voluntary Arrangements (IVA). Student loans are made on non-commercial terms, including low interest rates, with the obligation to repay being linked to a borrower’s subsequent income. In addition, as student loans are paid out of and subsidised by public funds, it is not considered appropriate to allow borrowers to reduce or limit their liability to repay by entering into IVAs.