
STATUTORY INSTRUMENTS

2023 No. 1184

**The Education (Student Loans) (Repayment)
(Amendment) (No. 3) Regulations 2023**

New provision capping interest rate on certain student loans

2. In the 2009 Regulations—
- (a) omit regulation 20B(1) (interest rate not to exceed prevailing market rate);
 - (b) insert before regulation 21—

“Interest rate cap: plan 2, plan 3 and plan 5 loans

20BA.—(1) In this regulation—

- (a) “relevant interest rate”, in relation to a month, means—
 - (i) in relation to a plan 2 loan, the rate at which the loan bears interest as determined in accordance with regulation 21A;
 - (ii) in relation to a plan 3 loan, the rate at which the loan bears interest under regulation 21B;
 - (iii) in relation to a plan 5 loan, the rate at which the loan bears interest under regulation 21C;
- (b) the “interest rate cap”, in relation to a month, means the interest rate determined in accordance with paragraph (4).

(2) Paragraph (3) applies where the relevant interest rate in relation to a particular plan 2 loan, plan 3 loan or plan 5 loan exceeds by 0.1 per cent or more, in relation to any month, the interest rate cap.

(3) In relation to each day of the month concerned, the loan concerned bears interest at the interest rate cap, and regulation 21A, 21B or 21C (as the case may be) must be read accordingly.

(4) The “interest rate cap”, in relation to a month (“month A”), is the lower of the following—

- (a) the interest rate calculated by—
 - (i) taking the sum of the interest rates published in data set 1 in relation to the month (“month B”) that is the third month before month A and the 11 months preceding month B,
 - (ii) dividing by 12, and
 - (iii) rounding to the first decimal point;
- (b) the interest rate calculated by—
 - (i) taking the sum of the interest rates published in data set 2 in relation to month B and the 11 months preceding month B,

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- (ii) dividing by 12, and
 - (iii) rounding to the first decimal point.
- (5) In paragraph (4)—
- “data set 1” means data set CFMZ6LI(2) as published by the Bank of England (monthly average of UK resident banks’ sterling weighted average interest rate - other loans with a fixed rate to individuals and individual trusts (in per cent) not seasonally adjusted);
 - “data set 2” means data set CFMZ6K9(3) as published by the Bank of England (monthly average of UK resident banks’ sterling weighted average interest rate - other loans, new advances, on a fixed rate to individuals and individual trusts (in per cent) not seasonally adjusted).
- (6) The Authority must publish the interest rate cap in relation to every month, as soon as practicable and by whatever means and in whatever media the Authority thinks fit.”.

(2) Available at: <https://www.bankofengland.co.uk/boeapps/database/fromshowcolumns.asp?Travel=NIxAZxSUx&FromSeries=1&ToSeries=50&DAT=RNG&FD=1&FM=Jan&FY=2010&TD=11&TM=May&TY=2025&FNY=Y&CSVF=TT&>

(3) Available at: <https://www.bankofengland.co.uk/boeapps/database/fromshowcolumns.asp?Travel=NIxAZxSUx&FromSeries=1&ToSeries=50&DAT=RNG&FD=1&FM=Jan&FY=2010&TD=11&TM=May&TY=2025&FNY=Y&CSVF=TT&>