

*These notes refer to the Education Act 2011 (c.21)
which received Royal Assent on 15 November 2011*

EDUCATION ACT 2011

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 9: Student Finance

Section 76: Student loans: interest rates

361. *Section 76* amends the power given to the Secretary of State in section 22(4) of THEA 1998 to make regulations setting interest rates for student loans. Section 22(4)(a) provides that the rates set must be no higher than the rates required to maintain the value of the loan in real terms or the amount specified for low interest rate loans, whichever is the lower.
362. For students who start their courses on or after 1 September 2012, the Secretary of State will have a wider power to set interest rates in regulations, provided that the rates set do not exceed those commercially available: the new restriction in *subsection (1)* reflects the terminology of the exemption in Article 2.2(1) of Directive [2008/48/EC](#) on Credit Agreements for Consumers, and the Consumer Credit (EU Directive) Regulations 2010 which implement it. This new cap will ensure that section 8 of the Sale of Student Loans Act 2008, which exempts student loans from the regime in the Consumer Credit Act 1974, continues to be compliant with EU law.
363. *Subsection (3)* sets out the general rule that the new limits on interest rates will only apply to borrowers starting courses on or after 1 September 2012, except in prescribed circumstances.