



Students Ripped Off

Why the Government's cost of living support is overcharging students

**Matthew Boulton, Managing Director
Get My Deposit Back
8 April 2022**

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Foreword

April is the start of a true cost of living crisis, one foreseen by journalists and the Treasury months ago due to rising wholesale energy prices - this means energy bills alone are rising by an average of £693/year in April with further rises expected in October. Students are particularly affected by this crisis as they have limited opportunity to work alongside their studies and often live in poorly maintained, draughty properties.

The Chancellor Rishi Sunak responded in February with a package of partial support for UK households. A £150 council tax rebate in April for those in a band A-D property, plus £200 off bills in October.

Despite being touted as a way to help out with skyrocketing energy bills, the £200 is repayable and highly unpopular. Yet the measure is compulsory and students face paying back much more than they will receive.

The 23 March Spring Statement from the Chancellor was a missed opportunity to fix these issues, and in the weeks following there have been growing calls for meaningful action. We are issuing an updated report today to reflect the latest Government guidance and we call on the Government to act while there is still time.

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Executive Summary

Our report shows that:

- Many students will pay, not gain, from the Government's £200 energy bill rebate.
- Each student household, often containing many bedrooms, will receive a single £200 rebate.
- Yet once they graduate and move into their own properties for work, those students will each have to pay back £40/year until 2027.
- Many won't even receive the £200 rebate – including those:
 - not yet at University,
 - living at home,
 - living in university-owned accommodation, or
 - whose landlord otherwise pay their energy bill.
- Yet all face the same compulsory repayments in the future.
- A typical four bed student household will lose up to £760 according to the Government's latest proposals.
- Those students living in larger properties will lose even more – an eight bed student household will lose up to £1,520.
- We call on the Government to scrap the repayment requirement, turning this into a simple £200 grant for all to help with skyrocketing energy bills, and provide additional support to struggling households.

Controversy

“October’s support utterly rips off the majority of current and future students”

Unlike the council tax rebate, October’s support is repayable. Every energy bill will be reduced by £200 in October, and then repaid in full over the following five years via increased standing charges. The idea is £200 is given, then £200 is paid back – truly zero-sum support.

It feels like a loan to many, robbing their future finances to offer a lifeline against this year’s rising energy bills. Many don’t want it according to recent research carried out by MoneySavingExpert and YouGov, yet the Government will not allow anyone to opt-out and failed to amend the scheme’s flaws in the 23 March Spring Statement.

“The Chancellor’s Spring Statement is a disgrace for students, young people and graduates. This was a moment where students desperately needed a lifeline from this Government; instead this is a nail in the coffin.

“Students are paying hundreds of pounds extra in energy bills, relying on foodbanks thanks to soaring inflation, and being forced to choose between heating and eating.”

Larissa Kennedy, National President, NUS UK

But what is getting little attention is how October’s support utterly rips off the majority of current and future students, forcing them to pay back many times more than what they receive.

Ripped off

“Far from supporting most students, the Government will instead be hurting their finances”

Each student household who pays their own energy bill will receive the £200 in October to share.

Yet, when those students graduate and move to various parts of the country for work, they will often live by themselves or in a smaller group.

So many will have their own energy bill at some point. As each household will pay back £40/year for up to five years, many students will ludicrously face paying back much more than they received at a time when energy bills may still be high.

By October 2022, those not yet at University, living at home or in university-owned accommodation, or whose landlord otherwise pay their energy bill, won't even receive the £200 support - yet they will still have to make the same compulsory repayments in the future. These students would be left paying for nothing.

Our research shows that from October a typical four bed student household will lose up to £760.

The larger the property, the worse the situation is. An eight bed student household will lose up to £1,520.

Number of students sharing a property in October 2022	Cost per student household*
Two	Up to £380
Four	Up to £760
Six	Up to £1,140
Eight	Up to £1,520
Ten	Up to £1,900

*Assumes students graduate Summer 2023 and then pay their own energy bill for the next five years

The only winners will be those who both receive the £200 and live with more people in the years after University - which is rare.

Those who miss out on the £200, or live with fewer people in the future, will have money taken away.

Far from supporting most students, the Government will instead be hurting their finances. We believe this is wrong.

Closing words

“We call on the Government to scrap all repayment requirements”

Students are facing the same cost of living crisis as everyone else, yet the Government’s support is being funded off the back of students already hammered with rising student loan repayments, a bleak economic outlook and massive rises in energy bills from April.

The current £200 scheme is hurting students, not helping them, and today’s Spring Statement was a missed opportunity to put this right.

Fortunately there is still time. We call on the Government to simplify this unpopular scheme and scrap all repayment requirements.

Media

All interview requests to be sent via email: Matt@GetMyDepositBack.net

Get My Deposit Back is a unique and game-changing UK renter's platform. We are passionately on the side of tenants, helping defend them against unreasonable deposit deductions and effectively enforce their rights to a safe and well-maintained home. We will professionally manage any deposit dispute to ensure the best outcome for tenants and run regular talks to University students and housing rights organisations across the UK on renting and the cost of living crisis. We are also laser-focussed on how the current cost of living crisis affects student renters.