

Scottish Parliament Region: Central Scotland

Case 200700696: Student Awards Agency for Scotland

Summary of Investigation

Category

Scottish Government and Devolved Administration: Student Awards; handling of application

Overview

The complainant (Mrs C) raised concerns regarding the Student Awards Agency for Scotland (SAAS)'s handling of her application for Lone Parents' Grant (LPG) and Additional Childcare Grant for Lone Parents (ACG). She complained that a delay in awarding LPG caused her undue financial hardship and she is unhappy that, following her withdrawal from her course, she was unreasonably asked to repay overpaid amounts.

Specific complaint and conclusion

The complaint which has been investigated is that Mrs C was caused undue financial hardship due to the delay in SAAS accurately assessing her entitlement to, and awarding, LPG (*upheld*).

Redress and recommendation

The Ombudsman recommends that, in recognition of the inconvenience Mrs C experienced, and as a gesture of goodwill, SAAS consider waiving the overpaid amounts in respect of LPG, ACG and travel expenses.

SAAS have accepted the recommendation and have agreed to waive the overpaid amounts.

Main Investigation Report

Introduction

1. On 5 June 2007, the Ombudsman received a complaint from a woman (referred to in this report as Mrs C) regarding the Student Awards Agency for Scotland (SAAS)'s handling of her application for student support. She believed that errors and delays, on SAAS's part, in administering her claim for Lone Parents' Grant (LPG), resulted in her experiencing financial hardship. As a result, she was unhappy with her subsequent requirement to repay overpaid amounts following her withdrawal from her course.
2. The complaint which I have investigated is that Mrs C was caused undue financial hardship due to the delay in SAAS accurately assessing her entitlement to, and awarding, LPG.

Background

3. Mrs C was scheduled to begin a Post Graduate Diploma in Education (Secondary) course in August 2006, however, sadly, she was widowed in April 2006. She had two young children to support but, as she was unable to defer her course start until the following year, she proceeded with her plans to start the course in August 2006.
4. Mrs C lodged an application with SAAS for LPG and Additional Childcare Grant for Lone Parents (ACG) but did not have accurate income details available at that time. Consequently, she overestimated her income for the year on the application form and this resulted in her being assessed as ineligible for LPG. Her actual income figure was below the threshold for LPG and she should have been eligible, however, SAAS did not receive evidence of her income until 27 November 2006. Subsequent processing errors by SAAS meant that Mrs C was not awarded LPG until 9 January 2007 and Mrs C stated that this caused her financial hardship. She also stated that, without an award of LPG, her Student Loan entitlement was reduced, resulting in her taking out high interest short-term borrowing from other sources. Upon commenting on the draft report, Mrs C pointed out that she was placed in a difficult position following the death of her husband and, in the circumstances, she did not consider herself dilatory in providing an accurate income figure to SAAS.
5. Mrs C advised that the severe stress which she was placed under resulted in her withdrawing from her course in February 2007. As a result, SAAS sought

to recover overpaid amounts in respect of LPG, ACG and travel expenses, however, Mrs C believed that it was unfair to ask her to repay these amounts in the circumstances and particularly in view of the errors SAAS accepted they had made in processing her application.

Investigation

6. The investigation of this complaint involved obtaining and reading all relevant documentation, including correspondence between Mrs C and SAAS. I made a formal written enquiry of SAAS on 27 September 2007 and also made additional email and telephone enquiries to request further information. I have also had sight of SAAS's guidance in relation to LPG, ACG and travel expenses as well as the overpayment section of The Scottish Government's Scottish Public Finance Manual.

7. I have not included in this report every detail investigated but I am satisfied that no matter of significance has been overlooked. An explanation of the abbreviations used in this report is contained in Annex 1. Mrs C and SAAS were given an opportunity to comment on a draft of this report.

Complaint: Mrs C was caused undue financial hardship due to the delay in SAAS accurately assessing her entitlement to, and awarding, LPG

8. SAAS wrote to Mrs C on 22 March 2007 requesting that she repay overpaid amounts totalling £684 and Mrs C subsequently emailed SAAS on 12 April 2007 asking for a breakdown of how this overpayment had been calculated. She also stated that she had experienced a year of unrelenting financial pressure following the sudden death of her husband on 23 April 2006 and she advised that she suffered extreme financial hardship between August 2006 and January 2007 whilst SAAS assessed her entitlement to LPG. She further advised that the costs she incurred, funding breakfast and after school clubs for her two children, far exceeded the combined LPG and ACG she had received and she appealed to SAAS to waive the sums she was being asked to repay. Finally, she stated that she was not advised that LPG was apportioned over the weeks of the course and she said that it had come as a shock to her when she was asked to repay a large portion of this grant.

9. SAAS responded on 16 April 2007 and they stated that both LPG and ACG are allowances which cover the full 52 weeks of the academic year. They advised that, when a student has withdrawn from a course, they would only be entitled to part of these allowances in proportion to the number of days they

attended. They confirmed that Mrs C was eligible for 204 days payments, from 1 August 2006 until her withdrawal from the course on 20 February 2007. This amounted to a combined LPG and ACG entitlement of £1,308, however, she had received payment of £1,652, resulting in an overpayment of £344. In addition, they advised that Mrs C had been overpaid £340 in respect of travel expenses. They also confirmed that, when Mrs C applied for student support, she had signed a legal undertaking to repay any amount she received, or that had been paid on her behalf, which was more than the award due to her.

10. Mrs C replied on 24 April 2007 requesting a breakdown of the travel expense overpayment and she advised that she had incurred greater expenses in the early part of the course due to a distant school placement. She questioned SAAS's reasoning for apportioning LPG and ACG over the full year when the course only ran from 28 August 2006 until 8 June 2007. She also stated that she did not recall reading any warning about having to pay back overpayments if she did not complete the course.

11. In SAAS's response of 25 April 2007, they confirmed that travel expenses were only paid between her home and her institution and expenses incurred whilst on placement were not paid (although home to institution expenses continued whilst students were on placement). They advised that Mrs C had been entitled to 22 weeks expenses amounting to £682.66, however, she had been paid £1,005, resulting in an overpayment of £322.34. They apologised for incorrectly quoting £340 in their previous correspondence and explained that this was due to an arithmetical error. In respect of the apportionment of LPG and ACG, they advised that the notes which accompany the application form clearly stated that they are apportioned over 52 weeks. They reasoned that most students undertake courses of two years or more and usually have to pay at least a retainer for childcare during the period that they are on vacation. Finally, they reiterated that Mrs C had signed a legal undertaking to repay any overpaid amount and they also advised that the third paragraph of the notes on the back of her award letter stated that she must tell them if she left or suspended her course part way through as she may have to pay back any money she was not due.

12. Mrs C subsequently lodged a formal complaint with SAAS on 25 April 2007 (not on file) and in their response of 11 May 2007, they conceded that the level of service they had provided had fallen 'well below' their normally high standard. They offered their apologies for this and stated that they would

make every effort to avoid similar incidents in the future. They also confirmed the breakdown of overpayments in respect of LPG, ACG and travel expenses, although the latter was now quoted at £304 and not £322.34 as quoted in their previous correspondence. The total overpayment, therefore, amounted to £648 and SAAS advised that public accountability required them to seek recovery of any amount paid to, or on behalf of a student, to which they were not entitled. They asked that Mrs C honour the undertaking she had signed to this effect when she completed her application for student support.

13. Mrs C sent SAAS a further email on 15 May 2007, however, a copy of this is not on file and in their response of 1 June 2007, SAAS merely noted Mrs C's intention to pursue the matter with the Ombudsman and they provided the relevant contact details for her to do so.

14. Mrs C wrote to the Ombudsman on 5 June 2007, reiterating her concerns regarding the handling of her claim for student support. She questioned why she had initially been awarded ACG on its own as she believed that students had to be in receipt of LPG to be eligible for this. She advised that, between August 2006 and December 2006, she had corresponded with SAAS by letter, email and telephone in an attempt to clarify her income and be awarded LPG. She stated that SAAS's failure to act quickly had deprived her of LPG and had a knock on effect of reducing her Student Loan entitlement, forcing her to take out high interest short-term loans from other sources to make up the shortfall. She also advised that she had to put her house up for sale. Mrs C further stated that the monies paid by SAAS did not fully meet the childcare or travelling costs she had incurred yet she was being asked to return an overpayment whilst earning only £96 Widowed Parents' Allowance plus a small amount of Child Benefit and Child Tax Credit.

15. I wrote to SAAS on 27 September 2007 asking them to confirm whether or not they considered Mrs C to have suffered financial hardship as a direct result of their errors. I also asked them to clarify whether ACG is normally payable when LPG is not in payment.

16. SAAS replied on 19 October 2007 and confirmed that they had initially been unable to assess Mrs C's entitlement to either LPG or ACG as she had not provided evidence of her lone parent status. They advised that they wrote to her on 3 August 2006 to request this, they received the required information on 14 August 2006 and they correctly assessed her entitlement to both grants on

22 August 2006. However, this assessment was based on the income figure of £10,000 which Mrs C had provided on her application and this was above the threshold for awarding LPG. SAAS advised that Mrs C emailed them on several subsequent occasions asking them to review her award and she was advised that, before they could do so, she would have to provide evidence that her actual income was less than that stated on the form. They confirmed that this information was not provided until 27 November 2007, when they received confirmation that Mrs C's actual income was £4,829. However, SAAS stated that, in reassessing Mrs C's entitlement, they failed to input the correct income figure and they applied incorrect deductions. When they attempted to address this on 13 December 2006, the first of these errors was corrected but the second was not and Mrs C's entitlement was not correctly assessed until 9 January 2007.

17. SAAS, therefore, confirmed that, up until 27 November 2006, Mrs C was in receipt of the level of support she was entitled to, based on the original information she had provided. However, had they reassessed her award correctly on 27 November 2007, Mrs C would have received £472 instead of the £28 which she did receive. SAAS advised that the balance of £444 was not issued until 10 January 2007, along with her second instalment of LPG. Finally, with regards to eligibility for ACG when LPG is not in payment, SAAS confirmed that a student only has to be eligible to apply for LPG to receive ACG and LPG does not have to be in payment. As Mrs C was eligible to apply for LPG, she was awarded ACG of £1,130 following the assessment on 22 August 2006, despite being denied LPG at that time. On commenting on the draft report, Mrs C expressed concerns regarding the clarity of SAAS's guidance in respect of ACG entitlement. I subsequently passed her concerns on to SAAS who confirmed that they will be happy to look at this as part of the annual review of their guidance.

18. Further to SAAS's response of 19 October 2007, I asked them to clarify any effect their errors would have had on Mrs C's student loan entitlement and they advised that the student loan application had been processed on 8 August 2006 after Mrs C had sent them her loan contact details. As Mrs C's actual income had not been confirmed at that stage, they were only able to award her a non-income assessed loan of £850. Mrs C's income was confirmed on 27 November 2006 and her student loan entitlement was reassessed on 13 December 2006 as £4,608 for the year. SAAS advised that this entitlement was again recalculated on 9 January 2007, following the award

of LPG, however, when the relevant disregard was applied, it made no difference to the income assessed loan.

Conclusion

19. I am satisfied that Mrs C's entitlement to LPG was initially assessed correctly, based on the information available to SAAS. However, accurate information to allow her entitlement to be reassessed became available on 27 November 2006 and, due to processing errors on SAAS's part, LPG was not awarded until 9 January 2007 (and paid on 10 January 2007). I have considered what the consequences of these errors were for Mrs C. With regards to Mrs C's student loan entitlement, I have satisfied myself that this was accurately assessed following receipt of proof of income and the delay in awarding LPG did not further affect the amount she was entitled to. Notwithstanding this, the delay in correctly assessing and awarding LPG, following receipt of accurate income details, resulted in Mrs C being underpaid by £444 from 27 November 2006 until 10 January 2007. I, therefore, uphold this complaint.

20. Mrs C's early withdrawal from her course resulted in an overpayment of student support and whilst I recognise that SAAS have a duty to recover public funds, their administrative error resulted in Mrs C being underpaid during what was undoubtedly a very difficult time for her, both personally and financially. I, therefore, consider that it would be appropriate, in the circumstances, for SAAS to waive all overpaid amounts and not to seek to recover these from Mrs C.

Recommendation

21. The Ombudsman recommends that, in recognition of the inconvenience Mrs C experienced, and as a gesture of goodwill, SAAS consider waiving the overpaid amounts in respect of LPG, ACG and travel expenses.

22. SAAS have accepted the recommendation and have agreed to waive the overpaid amounts.

Explanation of abbreviations used

Mrs C	The complainant
SAAS	The Student Awards Agency for Scotland
LPG	Lone Parents' Grant
ACG	Additional Childcare Grant for Lone Parents