

Rental deposit scheme – Applicant FAQs

Q. What is the purpose of the loan scheme?

A. The purpose of the rental deposit loan scheme is to help new and existing employees at the University obtain privately rented accommodation by lending the money to use for security deposits, the first month's rent and/or administration fees. The money is then repaid to the University by the employee through their monthly pay. The University has introduced this Scheme in recognition of rising security deposits and additional costs associated with moving into privately rented accommodation. By allowing employees to spread this cost over a period of 10 months, it is hoped that the new policy will help our employees to secure accommodation more quickly.

Q. Who is eligible?

A. All new and existing employees and new starters are welcome to apply for a loan, if they meet the criteria set out in the rental deposit loan scheme policy (detailed in this FAQ document).

Q. When is the scheme open from?

A. The scheme will be open from early October 2017.

Q. How much money can an employee ask for?

A. An employee can borrow the equivalent of one month's net pay, up to a maximum of £3,000, whichever is lesser amount.

Q. How early before an employee starts can they have the money?

A. New starters can borrow up to 4 weeks before their start date to help with housing costs, as long as the loan application criteria and checks have been completed.

Q. Will the employee need to undergo a credit check?

A. No, employees will not have to undergo any credit checking as part of the loan application process. However, should the loan amount asked for exceed the employee's net monthly pay, a lesser loan amount will be offered.

Q. How will the employee pay back the loan amount?

A. The employee will authorise the University to deduct 10 equal monthly payments from their regular pay. The loan amount must be paid within 12 month of the loan being taken out under Consumer Credit laws.

Q. What documents does the employee need to supply?

A. The employee will need to provide evidence of what the loan is to be used for and once the loan is paid to them, if their application is successful,

evidence in the form of a receipt, that the money has been used for the rental deposit.

Q. Can the loan amount be used for other purposes than private rental accommodation?

A. No, the loan is solely for the purpose of the security deposit, first month's rent and/or any administration fees associated with moving into or between privately rented accommodations. If an employee breaks this scheme rule, their loan will be forfeited and they will be required to pay back the outstanding loan balance to the University immediately.

Q. What is the loan application process?

A. Any employee wishing to apply for a loan will need to complete an application form. The application form is sent to the employee's Departmental Administrator or equivalent to be processed. The employee should allow up to 5 working days for their loan application form to be processed.

Q. When will the employee receive the money?

A. The employee, if successful, will receive the loan amount in their bank account up to 5 working days after Finance has received instructions to pay from their department administration. The University will endeavour to pay the loan within this timescale, however this cannot be guaranteed in all cases.

Q. What does the employee need to have in order to qualify for the loan?

A. The employee will need to have the following in order to apply for the loan:

- *UK bank account*
- *Written acceptance of a University job offer (New starts)*
- *Successfully passed all University right to work checks*
- *Bank account details input onto the internal HR system*
- *Proof of the purpose for the loan (e.g. an invoice)*
- *Proof of loan spend (e.g. a receipt)*
- *For Fixed Term Contracts – enough contract remaining to cover any repayment schedule*

Q. What administration will the department need to complete?

A. The department should ensure that the application form has been completed, signed correctly and that all documentation required with the application have been provided by the employee. They should ensure that all of the right to work checks have been completed. They should make sure the employee's bank account details are in CHRIS and that the application has been input through the supporting 'loan calculator' to ensure the monthly net pay will cover the loan amount asked for.

Q. Can employees take out more than one loan at a time?

A. No, employees cannot take more than one loan at any one time.

Q. Can the loan be used for University owned accommodation?

A. No, other University owned accommodation for employee use is outside of the loan scheme.

Q. What happens if the employee decides to leave the University before the loan is repaid?

A. If the employee leaves before the loan has been repaid in full, the University will deduct the outstanding balance of the loan from their final University pay. If there is not enough money in the employee's final pay to cover the outstanding balance, the employee will be asked to repay the additional amount through a separate payment to the University.

Q. Why is it important that employees with an outstanding rental deposit loan about to leave are identified early?

A. It is the department's responsibility to inform Payroll early when an employee resigns or is about to leave the University. This way the remaining balance of the loan can be taken from the last monthly pay before they leave.

Q. How will Finance know which bank account details to use?

A. Finance will only use the bank account details stored on the CHRIS system. It is important that any employee (new or existing) has the correct bank account details inputted as Finance cannot accept this information from any other source due to fraud prevention.

Q. How will the loan scheme get reviewed?

A. The loan scheme is a pilot and will be reviewed in six months.

Q. What is the tax implication for the employee?

A. There is no tax or national insurance to pay on the loan amount as long as the loan is paid back within 12 months. If the employee were to default on the loan, for whatever reason, there may be tax and national insurance implications for the employee.

Q. How much interest will employees have to pay on top of the loan amount?

A. None, the loan is made to the employee interest free.

Q. Will each department have to fund the loans?

A. No, the loans are made out of a centrally agreed fund.

Q. What happens if an employee defaults on their loan?

A. The HR Reward team will manage employee defaults and begin the process to recover the money owed.

Q. What happens if an employee has a job withdrawn, for whatever reason?

A. If a job offer is withdrawn before a new employee starts, but after the loan has been paid out, the employee is still liable to repay the full value of the loan. The HR Reward team will manage this process once they have been notified by departments.

Q. Who do I speak to if I have any questions about the policy?

A. Please contact HR Reward via the CAMbens mailbox cambens@admin.cam.ac.uk with any questions about the policy

Q. Who do I speak to if I have any questions about the payment process?

A. Please contact Finance via Ufs_helpdeskhub@admin.cam.ac.uk with any questions about the payment process.

Q. Who do I send the completed loan application forms to once we have authorised the loan payment?

A. The HR Office or the Research Office, whichever is appropriate. They will be required to sign the loan application form to confirm the application is correct.