

Student Loans FAQ

What is a principle debtor and who can be a principle debtor

A principle debtor refers to the person (the student themselves or a third party) who is obligated to the bank. This person is responsible for ensuring that the Student Loan is paid as per their contractual obligations and remains primarily liable. Any person who is financially sound can act as the principle debtor on behalf of the student including a parent, guardian or sponsor.

Can the Student Loan account be transferred to the student's name once the student has graduated and is fully employed?

The Student Loan account remains in the name of the principle debtor. The student can make payments towards the student loan once he/she has graduated and is fully employed. However the principle debtor still remains fully liable for the payments.

How does FNB fund Student Loans?

Student Loans are funded on an annual basis and a new application is required for each academic year of study and is subject to a credit and affordability assessment, which will determine what you qualify for. It is strongly recommended that you keep finance low to avoid the risk of not being able to secure finance for the entire duration of studies.

Which bank account does FNB use to transfer the Student Loan fees? Is it the customer's account or the institution?

Money is paid directly into the bank account provided by the principle debtor. FNB Loans does not deposit the funds into any institutions bank account.

Why do I need insurance for a Student Loan?

Should something unfortunate happen to the principle debtor or the student, the Customer Protection Plan will settle the debt for the client upon Death or Disability.

If I choose to cede my own insurance policy what benefits must be covered?

Death + Permanent Disability cover for the student and the parent/guardian which will cover the full outstanding balance of the Student Loan.

If my insurance policy only covers me (the principle debtor) what happens to the student? Do I also need to provide cover for the student? (Can I pay insurance for the student only?)

The Student Loan Customer Protection Plan covers both the principle debtor and student and no separate cover is provided. The principle debtor must upgrade their own insurance policy that they wish to cede to include cover for the student.

Am I allowed to make additional payments into my Student Loan account?

Yes, the principle debtor or student can make additional payments into the Student Loan account. The General terms and conditions allows for additional payments at any time and no penalties are charged for this.