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# **Closure of GSM London: the OIA's perspective**

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# Background

GSM London (GSM) was an independent privately-owned provider. It delivered a number of degree courses validated by the University of Plymouth. It also supported a small number of postgraduate PhD students whose degrees were validated by other partners. It did not at the time offer Tier IV visa sponsorship to international students.

GSM had a strong widening participation focus. The majority of its student population lived locally. Many were mature students and had caring responsibilities and were working at the same time as studying.

GSM operated its courses with significant flexibility. Students were able to start their studies at three different points in the academic year for many courses. This allowed opportunities for students to suspend their studies on a termly basis. This meant that although GSM went into administration at the end of a traditional academic year, not all GSM students were at a progression point in their studies. In addition, GSM offered some accelerated courses which enabled students to obtain a degree with two years of study. Typically undergraduate fees were in the region of £6,250 per year for a three-year course, and £8,000 per year for two-year accelerated courses.

GSM was not yet registered with the OfS at the point it went into administration and so did not have an approved Student Protection Plan. The University of Plymouth is on the OfS Register, and its Student Protection Plan included reference to students at its validated partners.

## Our approach

We were a member of the task force that was convened in summer 2019, which included representatives from GSM, the University of Plymouth, the Joint Administrators from BDO, OfS, the Department for Education, the Student Loans Company (SLC) and the Universities and Colleges Admissions Service (UCAS). As well as sharing our expertise drawn from our extensive experience of student complaints, it was helpful for us to understand more about how the process was being managed for students. Our participation in the task force was kept separate from our handling of individual complaints from students.

We worked with staff at GSM and the University of Plymouth to identify the types of information that could be helpful in order to respond to any students' concerns at a later date.

We set up a separate complaint form for GSM students which asked specific questions about how the closure had affected the student, and we also provided answers to some FAQs on our website. All students at GSM were told about their opportunity to complain to the OIA in correspondence from GSM. We recognised that GSM would no longer have administrative support for complaints and appeals, so we decided to accept complaints without GSM Completion of Procedures Letters. In some cases we redirected complaints to the University of Plymouth.

The University of Plymouth was able to answer many of our questions about individual students' circumstances, from its own records and the records it had received from GSM.

We have continued to liaise with the Joint Administrators. They agreed that where we made a Recommendation for financial compensation, they would consider the amount as the total owing to the student as an unsecured creditor (though unsecured creditors are not likely to receive the full amount owed to them). Any payments that they will make will be paid directly to the students, not (for example) to the SLC as a tuition fee refund. Where students had made a financial claim directly, we explained to those students that they could complain to us and this would feed into the Joint Administrators' assessment of their claim.

# Developing key principles

When we review complaints, we are guided by some general principles such as whether the outcome for the student was reasonable in all the circumstances, and when we make Recommendations to put things right we usually try to put the student back in the position they were in before the circumstances of the complaint. The key principles we have developed in reviewing complaints about GSM build on our general approach, tailoring it to the specific circumstances of GSM and the common elements in the complaints we have received from GSM students.

An overarching principle was that we would uphold complaints from students who were in a worse position than they would have been because of the GSM closure, financially or because of a personal impact on them, even though in some cases we were not able to make any practical Recommendations to put things right. We thought it was important to recognise in our decisions where students had been badly affected by a situation that was not of their making.

There was a limited amount of money available for payment to students and other creditors so we decided to focus our Recommendations for financial compensation on those cases where the student had suffered – or would suffer – a clear financial loss, and not to recommend compensation for distress and inconvenience or for smaller additional expenses such as higher travel costs. If we had recommended a relatively small amount for these, it would not have resulted in a meaningful payment to the student and would have reduced the overall amount available to students who had significant financial losses.

## Case summary 1

A student had completed the first two years of an undergraduate degree at GSM and had started their final year when GSM closed. The student was able to transfer to another provider to complete their studies, but had been caused inconvenience and distress by the closure of GSM, and had felt that they had to cancel their holiday because of the uncertainty it caused. We decided that the student hadn't lost out financially as a result of the closure. We decided the complaint was Partly Justified but we made no Recommendations.

## Transfer and tuition fees

Students had in general received the tuition, assessment and services for which they had paid up to the point when GSM went into administration and in most cases we did not consider that tuition fees should be refunded. But we decided that students who would have to pay more to complete their course of study elsewhere would suffer a clear financial loss.

We agreed with the Joint Administrators that payments to the students towards the additional costs of completing their studies should be paid to the students directly rather than to the Student Loan Company, because it was the individual students who were the unsecured creditors.

We considered financial compensation in four broad areas of complaint:

1. The student had transferred to another provider to complete their studies and will have to pay higher tuition fees to complete their course of study.
2. The student had to pay higher fees to complete a year at their new provider because of the way that GSM structured tuition fee payments during the year.
3. The student had transferred to another provider but had not been able to use all of the credits achieved at GSM as accredited prior learning on the new course, and therefore had to pay to "repeat" credits.
4. The student was unable to continue with their studies and had paid for credits that were now of no use to them.

It is up to individual higher education providers to decide what tuition fees to charge students, within the relevant upper limits. We could not make Recommendations to other providers to match the fees that GSM had been charging. We considered the options available to the students. In some cases, students were offered a bursary if they transferred to certain courses offered by Coventry University London. Some students had good reasons for not taking this option. In other cases, there was no course match with a bursary, or no suitable course match. We considered on a case-by-case basis whether the student had taken reasonable steps to mitigate their losses, given the options available to them. We made Recommendations to GSM (in administration) that students should receive a payment towards the costs of additional tuition fees.

## Case summary 2

A student was studying on an accelerated programme and expected to complete an undergraduate degree within two years. The total cost for this programme would have been £16,000. The student had been invoiced for three terms of study at GSM, totalling £8,000. The student had paid for two terms (£5,332) when GSM went into administration. They had successfully achieved 120 credits at level 4 and 60 credits at level 5.

When GSM closed, the student was admitted to Coventry University London, and was awarded a bursary for one year. The student was also told that the level 5 credits they had achieved were not considered to be equivalent to the level 5 modules on the course, and the student was required to study a further 120 credits at level 5 and 120 credits at level 6. The total cost for this would be £15,250.

We did not think it was fair that the student should pay more to complete their course than they had originally expected to. We recommended that GSM (in administration) should waive the tuition fee debt of £2,667 for the level 5 credits that the student was not able to use as accredited prior learning. We also recommended that the student should be treated as an unsecured creditor for the sum of £4,582, for the additional fees that they will have to pay to the new provider.

## Case summary 3

A student was studying for a Master's degree and had completed two terms of study when GSM closed. The student had paid two instalments of fees totalling £4,980 and was expecting to pay a further £1,245 for the third term of study. The student was not able to transfer to the University of Plymouth which would have matched the fees payable at GSM. The student was able to transfer to another provider locally to complete the third term of study, which was a dissertation. The fees charged by that provider are £2,766 for the term.

We decided that it was not reasonable to expect the student to relocate to Plymouth to complete their studies. We recommended that the student should be treated as an unsecured creditor by GSM (in administration) for the amount of £1,521, being the difference between what they would have paid at GSM and what they have to pay to the new provider.

### Case summary 4

A student had the opportunity to transfer to a similar course to the course they were on at GSM. The course was offered by Coventry University London. It had been identified as a good match by GSM, was being delivered at the GSM campus, and had a bursary for one year that would have reduced the fees payable to the same level as GSM had charged. If the student had taken this option, they would expect to pay £6,500 more in tuition fees than GSM would have charged.

The student instead chose to change to a different course at another provider, within the same broad subject area. At that provider, the student could not receive a bursary and can expect to pay £9,500 more in tuition fees than GSM would have charged.

We recommended that the student should be treated as an unsecured creditor by GSM (in administration) for the amount of £6,500, being the difference between what they would have paid at GSM, and what they would have paid if they had transferred to the Coventry University London course.

GSM did not always split tuition fees into three even payment amounts across the three payment points in a year. For some courses, it charged its tuition fees on a schedule of 40% in term 1, 40% in term 2 and 20% in term 3. Where the student transferred to another provider to complete only term 3, students were often asked to pay 33% of the year's fees by the new provider.

### Case summary 5

A student was studying an MSc at GSM and had agreed to pay tuition fees of £6,225 in three instalments of £2,490, £2,490 and £1,245 (40%, 40% and 20%). When teaching at GSM stopped the student had paid £4,980. The student transferred to Coventry University London to finish their studies, but was expected to pay £3,000 (33% of the fees for the course at Coventry University London, which were £9,000). So the student had to pay £1,755 more than they would have had to pay if they'd been able to complete their studies at GSM. We recommended that the student should be treated as an unsecured creditor by GSM (in administration) for the amount of £1,755.

It is up to an individual provider to decide what learning a student must demonstrate to achieve one of its awards. This involves academic judgment. We could not make a Recommendation that a new provider should accept all of a student's previous credits. We recognise that there is value in studying, beyond the credit value attached to the course. But we do not think it is fair that students should have to pay to study for more credits than are necessary to achieve the qualification that they intended to achieve when beginning their studies. We made Recommendations to GSM (in administration) that students who have additional credits, should be refunded for the costs of tuition for those credits.



## Case summary 6

A student completed a level 3 foundation year course with GSM, and began studying level 4 credits in June 2019. The student did not submit any work for assessment in September 2019, believing that GSM was shut and there would be no benefit to doing so. The student complained to us, asking for a refund of all the fees paid to GSM, for future tuition fee costs.

We did not think there was any reason to refund the fees paid for the foundation year. The student had received tuition, had been assessed on their studies, and was able to transfer into a level 4 course of study elsewhere.

We noted that GSM had let students know that it was still open and that students should complete their assessments in August and September 2019. But we accepted that the student had been confused. They would not have been able to achieve enough credits to gain an exit award even if they had submitted their work. We recommended that the student should be treated as an unsecured creditor by GSM (in administration) for the value of the fees paid for their level 4 studies from June 2019.

Some students decided not to continue with their studies after GSM stopped delivering teaching. Some students had been awarded an exit award. Others had achieved an exit award and had “surplus” credits (for example, a student with 160 credits who achieved a CertHE and had 40 surplus credits). Where the student was able to explain why they could not transfer to another provider and make use of these credits, we recommended that they should receive the tuition fee cost of the surplus credits.

## Case summary 7

A student completed a foundation year at GSM but did not pass all of their level 4 modules. As a result of GSM's closure, they were not able to resit the modules they failed. The student had mental health difficulties which were made worse by the stress and anxiety caused by the closure of GSM and they did not feel able to continue with their studies. The student had benefited from completing the foundation year and would be able to start a new course at level 4 when they felt ready, so we did not think the foundation year fees should be refunded. We recommended that the student should be treated as an unsecured creditor of GSM for the fees they had paid at level 4.

A number of students complained to us that GSM had wrongly reported them to the Student Loans Company (SLC) for non-attendance. This resulted in the SLC deciding that students had been overpaid, and making attempts to recover the overpayments. The information available to us about students' attendance was limited. However, in some cases students were not able to attend teaching because it was not taking place; in others the electronic card entry system that recorded attendance had malfunctioned.

We can't make Recommendations to the SLC to take a particular action. We agreed with the SLC that, where the student agreed, we would send a copy of our decision to the SLC, so that it can consider the student's case.

### **Case summary 8**

A student complained to us that GSM had provided inaccurate information to the SLC. The student provided documentation that showed that they had studied for one term and achieved 40 credits in the spring of 2015. The SLC made a payment of £1,200 on the student's behalf. The student had then withdrawn from their course. However, the SLC had made further payments on the student's behalf during 2016, for a total of £4,500. The student discovered this in 2018 when the SLC contacted them about their outstanding student debt.

We reviewed the fee policies in place during 2015 and 2016. If the student was not in attendance after spring 2015, there was no provision in the fee policy to charge any further fees. The student had tried unsuccessfully to resolve the matter with GSM when they became aware of it. There is no further opportunity to resolve the matter with GSM, because it is in administration. We could not obtain any evidence to confirm whether or not the student had attended after spring 2015.

We could not make a Recommendation to GSM to contact the SLC to put things right. But, with the student's consent, we sent a copy of our decision to the SLC. We hope that the SLC will consider the student's circumstances sympathetically.

## **Academic outcomes**

We decided that in some circumstances the University of Plymouth, as the validating partner provider, had some responsibility to provide practical remedies to give students the opportunity to complete academic assessments.

The final assessment period for GSM students was August/September 2019. The timing of the administration meant that many students were able to complete assessment for credits they had been studying in the previous months. GSM and the University of Plymouth were able to complete the marking and moderation process, and hold Exam Boards, for assessments completed between June and September 2019. All students were sent a transcript of their results. The University of Plymouth will keep records of the credits achieved by GSM students, and will be able to provide transcripts for former GSM students going forward.

Some students were not able to take their assessments, or to perform to the best of their ability. The University of Plymouth had in place a process for taking students' circumstances into account, but it also had a duty to maintain the academic standards and integrity of its awards. It could not award all students the credits they might have hoped for.

Some students were unsuccessful in their last assessments; others had deferred assessments and were expecting to take them at a later point during 2019/20. None of these students has been able to make use of a resit opportunity which in the normal course of events would have been available to them. In these circumstances, we considered that the University of Plymouth's Student Protection Plan should take effect. We recommended that where possible, the University of Plymouth should arrange the (re)assessment. If this was not possible, we recommended that the University of Plymouth should pay any additional tuition fee costs the student had to pay at a new provider because they had not been able to complete the assessment before transferring.

### Case summary 9

By September 2019, a student had successfully achieved 315 credits. The student was unsuccessful in two modules attempted in the summer of 2019, worth 15 credits and 30 credits. The University of Plymouth had what is known as a "compensation policy" that allowed it to disregard some modules when classifying a degree. It applied the compensation policy to the 15-credit module. The 30-credit module was a core module, and the course documentation set out that it could not be compensated (that is, that students must achieve a pass mark).

Initially the student was awarded a Diploma of Higher Education at the Exam Board. When the student raised a complaint with us, the University accepted that the student had enough credits for an Ordinary degree once the 15-credit module had been compensated. The University confirmed that the student would have been permitted two further attempts to pass the remaining 30 credits required for a classified honours degree, if GSM had not gone into administration. The first of these attempts would have been offered free of charge, and without having to attend repeat teaching.

We think it is a matter of academic judgment and therefore for a provider to decide which modules cannot be compensated, and we would not interfere with that decision. But we concluded that it would be unfair to expect the student to register at another provider and pay tuition fees in order to complete the credits required for an honours degree. The loss of the re-assessment opportunity was a direct result of the closure of GSM. We recommended that the University should offer the student a reassessment attempt for the 30-credit module, without charging any fees.

# Observations

There were around 3,500 students at GSM when it went into administration. Our perspective is drawn only from the experience of those students who chose to make a complaint to us, a relatively small proportion.

It is clear from the complaints we received that students were unsurprisingly shocked and distressed by the situation. Some students felt that they ought to have been given more warning that their course could close, or that they should not have been allowed to enrol. Several students have complained that they would not have started their studies at all, had they known that they would not be able to complete a full undergraduate degree.

## Communication and support

We saw that significant effort went into communicating to students. Multiple emails and phone calls were made to try to ensure that all students knew what was happening. Students who might need additional support were identified from information held by GSM's internal wellbeing services. Students had a number of opportunities to meet with GSM's leadership and with representatives of the Joint Administrators.

The Joint Administrators and the University of Plymouth sought to enable as many students as possible to leave with an exit award, through provision for teach out and a final assessment board. The Joint Administrators funded a Student Support Office for several weeks to help students with any academic or course issues, as well as providing advice on future study options, student finance and wellbeing support. A telephone counselling service was also made available.

## Alternative options for students

The University of Plymouth's Student Protection Plan stated that students could transfer to them as the validating provider, but very few of the students who complained to us were in a position to take up this offer.

The University of Plymouth mapped GSM courses, where possible, against courses offered by other providers. As GSM was located in London, more local options were available than might otherwise have been. Students were given some information about potential course matches, and a list of suggested questions to ask, to help them decide which option would be best for them.

But students were not given detailed information about why particular courses were considered to be a good match. Some students complained to us that the options they were presented with offered a more generic degree title, and did not deliver the specialist learning which they had expected from GSM. We received more complaints from students who were undertaking

courses with unique or specialist elements, than from students on courses which are offered by a large number of other providers.

UCAS arranged an event at GSM where a number of different providers came to tell students about their transfer options. It was positive that this and other events were offered to students and that providers were able to attend at short notice to present information about their courses and facilities. Such events inevitably offer general information, and a small number of the students who complained to us told us that they found the events confusing. These students might have benefited from more tailored help to get answers to their specific questions.

The students who complained to us appear to have relied mainly on information provided to them directly by GSM and the University of Plymouth to explore their options, and did not mention using Clearing or other UCAS processes for this.

## Deciding what to do next

Several students told us that they felt under pressure to make a decision about what to do next very quickly. For some students, the time pressure was because the start of the 2019/20 academic year was very close. They wanted to be able to transfer to another provider quickly in order to complete their studies within their planned timeframe.

For others, the pressure to continue their studies quickly was a financial decision. They were concerned that if they did not resume their studies elsewhere immediately, they would not be able to access their maintenance loans. In some cases, there were delays in receiving the loan payment after the student had transferred. Several students told us that they were in serious and immediate financial need.

It was clear from the complaints we received that some students found it difficult to evaluate the pros and cons of courses that best matched what they had been expecting to study at GSM, against the different tuition fees charged by different providers, and to weigh up the practicalities of travelling to different locations. The complaints we received refer to students not being able to meet additional travel costs or being unable to make additional travel time work around childcare or employment.

Over 2,600 GSM students transferred to a different provider to continue their studies. Some students have chosen to transfer to a course that is not an exact match, but which will allow them to achieve the same level of qualification that they were aiming for when they began their studies. Others have decided to stop studying, having achieved a CertHE or DipHE award. Some may use their previous studies as accredited prior learning in future. But there may be some who do not return to higher education at all and so may never achieve their intended level of qualification.

## Student records

Records of students' academic outcomes will be held by the University of Plymouth as the validating partner, so that GSM students will be able to obtain confirmation about their academic credits in years to come.

Although the records of students' progression and academic achievement were transferred to the University of Plymouth, not every record about a student was transferred and some records were incomplete. We were not always able to access complete and reliable records about student attendance or student finance records to inform our consideration of complaints.

The complaints we received were almost all focused on the direct impact of the closure. Had a student complained to us about something broader (for example, a complaint about the behaviour of another student or member of staff) it is unlikely that we could have accessed many of the records which would usually form part of a provider's investigation into a complaint.

## Putting things right for students

GSM staff and Students' Union officers worked very hard to support students through the closure. The University of Plymouth identified potential course matches and liaised with other providers. Coventry University London was able to offer a number of places and bursaries to GSM students, and some other providers also offered options.

Some of the complaints we saw were about matters that, in our experience, would often be resolved by a provider through its internal procedures, and it has been possible to provide a straightforward remedy. For example, several students' complaints were resolved when the University of Plymouth re-issued the student's transcript or certificate.

Some students who complained to us have understandably found it hard to accept that GSM could stop providing higher education at short notice. Because we could not recommend that GSM continue to deliver its higher education provision, the main option open to us to put things right for the students who complained to us has been to recommend compensation. We have welcomed the very positive engagement of the Joint Administrators in this instance. However, the reality is that the actual amount which students will receive is likely to be considerably less than the sum we consider is reasonable.

## Wider implications

Despite the best efforts of many involved, the closure of GSM highlighted some gaps in provision for students in this position at the time. In any closure, whether course or campus closure or the closure of a whole provider, there are likely to be some students who are badly affected and for whom there are no suitable alternative arrangements that don't involve additional financial costs. It is important that meaningful remedies are available for students in such circumstances.

Subsequent developments such as the Department for Education's restructuring regime and the Office for Students' proposed student protection directions go some way towards reducing the likelihood of provider failure and mitigating the potential impact. But we continue to believe that there is a need for some kind of insurance scheme that could help protect students, give them confidence in the system and pay out in the worst-case scenario. We would like to see more discussion and policy thought about who should provide this vital safety net and how it should be paid for.

The closure also highlighted the importance of retention of and access to student records after a provider has closed. In GSM's case, some records were transferred to the University of Plymouth as the awarding provider, but we remain concerned about where records would be retained if a provider with no such option available were to close. We are pleased to see that this has been recognised in the OfS proposals for improving protection for students studying at providers that are at risk of closure.



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