

The complaint

Mrs N complains Erudio Student Loans Limited have failed to defer her loan and have unfairly terminated her account.

What happened

In September 2017 Mrs N said she completed and sent back a form to continue deferring her student loan - around 10 days before the deadline.

In November 2017 Mrs N received a letter from Erudio thanking her for an email, saying her loan had been terminated and she would now have to repay the loan in full. Mrs N wrote to Erudio around two days later to inform them she'd deferred the loan – so they must have made an error. Mrs N said she didn't receive a response from Erudio, so she assumed the error had been corrected.

Erudio wrote to Mrs N in June 2018. They said a review of her account showed they needed to re-issue some notices that were missed or incorrect in order to be compliant with regulatory requirements. Mrs N says she also received several letters on Erudio headed paper dated before they took over her student loan.

In October 2018 she was contacted by a third party acting on behalf of Erudio, regarding the full amount being owed on the account. Mrs N contacted the third party and said the account should be in deferment and she didn't receive any communication from Erudio until the loan terminated. A complaint was later raised with Erudio.

Erudio said they didn't receive Mrs N's deferment until November 2017, which was past the deadline, and the post mark on the envelope shows it was sent a couple of days before. Erudio said she had existing arrears on her account in September 2017 and when her deferment ended her monthly payments then became due. Erudio says it sent Mrs N a notice of default in September 2017, shortly after the deferment deadline, asking her to contact them. But as they didn't hear from her, and her arrears amounted to around four months, the account was terminated. Mrs N was unhappy with Erudio's response, so she brought her to complaint to this service.

Our investigator didn't recommend we uphold Mrs N's complaint. They were satisfied Mrs N hadn't returned the form to Erudio by the deadline.

Mrs N disagreed. She said the account had been in deferment for around 17 years - so couldn't be in arrears. She said she signed, dated and posted the form on 9 September and the form has been tampered with to change it from '9' to a '19'. She didn't agree the envelope provided by the business belonged to her.

Mrs N said Erudio acted fraudulently sending her letters dated before they took over her loan in 2013. She said her loans were due to expire under forgiveness rights as they were almost over 20 years old and this could be the reason for Erudio's actions,

The complaint has now passed to me to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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Mrs N has made a number of detailed points. I've considered all of them but I'm going to focus my decision on what I see as the central issues to this complaint. I don't intend this as a discourtesy, rather it reflects the informal nature of our service and my role in it.

Mrs N said her account couldn't be in arrears as the loan had been in deferment for around 17 years when Erudio terminated it. But I can see from Erudio's system notes Mrs N accrued arrears as a result of late deferments prior to 2017 and Mrs N and Erudio were in contact with each other about the arrears in June 2016 and October 2016. I can also see Erudio sent Mrs N notices of arrears in June 2016, November 2016 and May 2017- and her arrears were also included in a letter they sent to her in August 2018. So, I think Mrs N should reasonably have been aware of the arrears on her account.

I've seen the deferment application Erudio sent to Mrs N in July 2017. The covering letter says if the application wasn't received by 19 September 2017, was rejected or if Mrs N chose not to defer her loan, her monthly repayments would become due the day after the deadline – and if no payment was received arrears would accrue on the account.

Erudio said they didn't receive Mrs N's application until 10 November 2017 and have provided an envelope stamped as being sent on 8 November 2017. I can appreciate Mrs N's comments about the envelope Erudio provided. The envelope is stamped but there's nothing on the envelope alone to identify it as sent by Mrs N, so I can see why she's questioned its relevance. But Erudio have provided me with a copy of the deferment application Mrs N completed. It includes her details; her signature and I can see the application is dated 19 September 2017 – the day of the deadline. So, I think it's more likely the application was sent after the deadline.

Mrs N has said she signed the application 9 September 2017 – and the date must have tampered with to show '19' – but she's not provided any additional information to support this and I haven't seen anything to suggest Erudio tampered the form. So, I'm not persuaded the date is incorrect.

As Erudio hadn't received Mrs N's deferral before the deadline her monthly payments became due. As this wasn't met Erudio sent her a notice of default in September 2017. It informed her what would happen if she didn't contact them – her account would be closed, and the full balance would be due. She didn't contact Erudio, this meant she accrued more arrears and they closed her account. I can also see all correspondence has been sent to the correct address, so I think it's more likely than not these letters were sent to her.

I've thought about what Mrs N said about Erudio acting fraudulently. Erudio provided a copy of the letters they sent to her in June 2018 and I can see they cover from October 2017 to the date they wrote to her. Erudio said the letters pre dating them taking over the loan were sent to Mrs N following a review of her account in 2015. Erudio said they identified some statutory notices hadn't been sent to Mrs N under the previous loan provider, so they were resent– and this work was completed in conjunction with them. I can see why this might have caused Mrs N concern to receive these letters, but I've not seen anything that suggests Erudio acted fraudulently or unreasonably in doing what it did.

Overall having considered everything, I'm not persuaded Ms N returned her deferment form before the deadline. Following this, I don't think Erudio have acted incorrectly in defaulting and terminating her account.

My final decision

My final decision is that I don't uphold Mrs N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 18 March 2020.

Michael Baronti
Ombudsman