

## **The complaint**

Mr O complains that Erudio Student Loans Limited (Erudio) failed to make adequate attempts to contact him regarding the deferment of his student loans, defaulted them and sought repayment. He would like the loans to be deferred.

## **What happened**

Mr O had student loans with Erudio. He'd deferred these for around 20 years as his income hadn't passed the threshold for repayment. To defer the loans an application needed to be made by 19 September each year. Mr O says he thought he'd submitted the application for 2018. Erudio says nothing was received. This meant loan repayments became due. Erudio says it tried to contact Mr O about this without response. This led to the loan being defaulted in December 2018 and passed to a debt collector in February 2019. In March 2019 Erudio says it did receive a deferment application, but this was too late, with the account already defaulted.

Mr O says he'd been living with and caring for his elderly parents for many years and received mail from Erudio at that address. Mr O says he moved out in August 2018 and was sleeping rough or in temporary accommodation until April 2019. He says he didn't receive mail from Erudio and wasn't able to give it an alternative correspondence address due to his circumstances.

Mr O contacted Erudio in May 2019 and was advised to contact the debt collector. He complained to Erudio about the loan not being deferred and then defaulted. He said it should have contacted him if the deferral form hadn't been received. He asked for copy correspondence. Erudio transferred recovery of the account from the debt collector to a solicitor. Mr O said this showed it wasn't serious about resolving the issue.

Erudio rejected Mr O's complaint. It said it issued reminders and then a deferment form by letter in July 2018. It said it had confirmed deferment had ended by letter on 21 September 2018. It said it had sent several letters and called Mr O between October and December 2018 about arrears and then the default of the account. It said the letters and calls had been made to the details it held on file and it couldn't agree the account should be in deferment.

Erudio said the decision to transfer the account to the solicitor was made a few days before Mr O had raised his complaint. It apologised for a delay in providing the solicitor with a correct address for Mr O and in providing him with copy correspondence. It offered him £100 compensation for the inconvenience this had caused.

Mr O referred his complaint to our service. Our investigator didn't uphold it. She said there was no evidence Mr O had submitted the deferral form in time. She said Erudio had provided evidence showing attempts to contact Mr O by email, text and phone as well as by letter. She said the letter enclosing the deferral form was sent before Mr O moved. So, she was satisfied he ought to have been reasonably aware that the deferral was due. She said she understood that Mr O had faced difficulties, but it was his responsibility to update Erudio about his change in circumstances. So, it wasn't fair to ask Erudio to now defer the loan as it had acted fairly and reasonably.

Our investigator said it was reasonable for Erudio to outsource the account to a third party for recovery and the £100 compensation offered for service failings was fair and reasonable.

Mr O said Erudio had sent texts and emails before the deferment date, but he hadn't received any emails, texts or voicemails after it and he should have if Erudio was serious about resolving the issue. He said his income was below the threshold for repayment so deferment would have been granted. He said the loans would be written off in a few years, so Erudio was putting its own interests ahead of his. As Mr O doesn't agree it has come to me to decide.

### **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.

Having done so I am upholding the complaint in part but won't be asking Erudio to do any more than it has already offered. I'll explain why.

I don't think Erudio have done anything wrong in respect of the loan and it hasn't acted unfairly or unreasonably. It appears to have followed the procedure set out in the pre deferral communications it sent Mr O to the email and postal address it held in its records.

I can see that Mr O is concerned by what has happened. But as he'd successfully deferred his loans for 20 years, I think he was familiar with the procedure and deadlines involved. Erudio issued four reminders asking Mr O to make the deferral application online. Mr O accepts he received these communications. It then sent a letter and deferral form in July 2018. This asked for the form to be returned as soon as possible. It also contains details of the online portal and how to access it. So, I think Mr O had reasonable notice of and opportunity to comply with the deadline.

Mr O says Erudio should have left voicemails, sent texts or emails and so on if it didn't receive the form from him. But its letter clearly states that it will reply in writing about the application to defer, which might take 28 days. The form contains a declaration which includes confirmation that address details are correct. It also clearly says that if the form isn't returned by the deadline the debt will become repayable.

Erudio wrote on 21 September 2018 confirming the loan hadn't been deferred and payments were now due. Had Mr O seen and responded to this letter perhaps the situation would have been different. I understand his circumstances were difficult from August 2018. But Mr O knew he wasn't receiving post once he left his mother's house. In these circumstances I think it's reasonable to think that Mr O should have contacted Erudio or checked the situation with his loan online rather than relying on it contacting him. Ultimately, Erudio didn't know about his situation and couldn't have been expected to do contacted him differently, where it had no reason to do so.

Erudio has shown evidence that it also called Mr O's mobile phone six times between October and December 2018. This included leaving an automated message on the 14 November 2018. It was writing to him in the same period. Had Mr O responded to these calls he would have been aware of the situation before the account was defaulted. Again, this might have changed the outcome.

I think Erudio's attempts to contact Mr O about his loan accounts were reasonable. I don't think it has done anything wrong in not deferring the loans. Or defaulting them when it heard nothing from him. So, I can't ask it to now defer the loans if it doesn't want to do so. And it

isn't unreasonable for Erudio to use third parties to seek recovery of the debt owed to it and is standard industry practice

Erudio accepted its service wasn't acceptable in providing copy correspondence and contact details to the solicitor to get in touch with Mr O. It apologised and offered £100 compensation for this. I think this is reasonable for the inconvenience suffered here, so I won't be asking it to do any more than this.

### **My final decision**

My final decision is that I that I uphold the complaint against Erudio Student Loans Limited in part.

I direct Erudio Student Loans Limited to pay the £100 compensation it has offered to Mr O unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 16 November 2020.

Nigel Bracken  
**Ombudsman**