

The complaint

Miss P complains about the actions of Erudio Student Loans Limited after she attempted to defer her student loan repayments.

What happened

In October 2018, Miss P's student loan referral period came to an end. Erudio sent her a deferment application form by post eight weeks before. It also sent her reminders by email and SMS. Miss P says she applied for her loan to be deferred online.

A year later, Miss P discovered that Erudio had registered a County Court Judgment (CCJ) against her. She contacted Erudio and was told the CCJ would be removed if she paid off her loan in full. Miss P was concerned about the effect on her credit rating, so she paid the loan off. But she had to borrow money from her partner, who'd taken out a loan, to do this.

Miss P made a complaint to Erudio, saying she hadn't received the letters Erudio had sent her. Miss P thought Erudio should have emailed her to let her know the status of her account. She said she had logged onto her online account to defer her repayments.

Erudio said it had sent Miss P various letters, as had a recovery agent, when arrears began to accrue. These had gone to her old address because Miss P hadn't updated it with her current address. It said it was Miss P's responsibility to do so.

Erudio acknowledged that Miss P had logged on to her online account on 22 October 2018, but it couldn't see why, and no deferment application was submitted or accepted.

Miss P remained unhappy, so she brought her complaint to our service. Our investigator looked into her concerns but didn't think Miss P's complaint should be upheld. She didn't think Miss P was likely to have completed a deferment application online because a successful deferment letter hadn't been sent to her.

Our investigator also didn't think Erudio was obligated to contact Miss P by phone or email. It was sufficient for it to contact her by post. And she was satisfied Erudio had written to her at the address it had on file.

Miss P disagreed with our investigator's view. She didn't think Erudio had acted fairly or reasonably. Erudio hadn't taken all reasonable steps to reach her because they didn't use the form of contact that was unlikely to have changed – her email address. Erudio had given her false information about this when she initially complained to them and had then said something different.

Miss P questioned why Erudio hadn't sent letters by recorded delivery and why the debt didn't appear on her credit file. If it was on her credit file, she wouldn't have overlooked Erudio when informing her creditors of the change to her address.

Miss P said she was eligible for deferment and accessed Erudio's online system at the time she should have deferred. She didn't think she should forgo the right to defer because a

letter wasn't generated. She felt her circumstances – earning less than the threshold and not being able to repay the loan – should be taken into account when deciding on the matter.

As Miss P has disagreed with our investigator's opinion, her complaint has been passed to me.

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.

I'd like to reassure Miss P, I've considered all of her points even if I've not commented on them individually. I've focused on what is most relevant to the outcome of her complaint. I know my answer will be disappointing to Miss P, but I've decided not to uphold her complaint. I'll explain why.

The relevant industry rules require Erudio to pay due regard to the interests of its customers and treat them fairly.

Erudio has acknowledged that Miss P logged onto its online system on 22 October 2018. It couldn't say why she'd logged on, but no deferment application was submitted or accepted, and no acknowledgement email or letter was sent.

Miss P says she was eligible for deferment and I don't doubt what she's said about this, but deferral isn't automatic, and it needs to be applied for each year. She thinks the fact she accessed Erudio's online system at that time should be enough to conclude that she applied to defer her loan repayments.

I think it's likely that Miss P intended to defer her loan repayments when she accessed Erudio's online system in October 2018. But I haven't seen any evidence that an application was completed or accepted. So, I don't think Miss P is likely to have completed the deferment application online, even if she believed she had.

Erudio has sent us a copy of a letter it sent to Miss P in August 2017, confirming it accepted her previous application for her loan to be deferred. So, I think Miss P should reasonably have expected to receive a similar letter if a deferral had been granted in 2018.

As Miss P's loan repayments weren't deferred, repayments started to become due in October 2018. Erudio has provided copies of several letters it sent to Miss P about arrears on her account, including a default notice. Unfortunately, these letters were sent to Miss P's previous address and she didn't receive them.

Miss P says she forgot to let Erudio know about her change of address. She was dealing with several challenging circumstances in her life at the time, including some health issues. She says she wouldn't have overlooked informing Erudio of her change of address if it had appeared on her credit file. But student loans don't appear on credit files unless they've been defaulted on. So, I can't say that Erudio did something wrong here.

I know Miss P feels strongly that Erudio should have contacted her by email to let her know about the arrears. But it's not this service's role to tell a business which communication methods to use. This is a commercial decision. Erudio says its main method of communication is by post and it has to send certain documents this way for regulatory purposes. Erudio has provided information to show that it also tried to call Miss P but the phone numbers it had on file were incorrect. So, I think Erudio made reasonable attempts to contact Miss P.

Miss P has commented on the conflicting information Erudio gave her about why it hadn't emailed her. But Erudio has acknowledged it gave her the wrong information over the phone and has apologised for this.

Miss P has also questioned why Erudio didn't send letters by recorded delivery. But it didn't have any obligation to do so. I'm satisfied from the information Erudio provided that the letters were sent. The most likely reason Miss P didn't receive them was because they were sent to her previous address.

I appreciate this has been a distressing and frustrating situation for Miss P, who couldn't afford to repay the loan when she did. She's worried about how she'll be able to repay her partner who took out a loan to cover it. But overall, I think Erudio has acted fairly. So, although I empathise with Miss P, I haven't found reason to uphold her complaint.

My final decision

For the reasons I've explained, I don't uphold Miss P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 10 November 2020.

Anne Muscroft
Ombudsman