

The complaint

Miss Z complains that Erudio Student Loans Limited won't cancel her student loan due to arrears on the account.

What happened

Miss Z has a student loan that is managed by Erudio. In May 2016 she applied for the loan to be deferred as she had done for a number of years. Erudio responded to request some more information in order to process the deferment. However it says this additional information was not received for a number of months and in this time arrears built up on the account.

Miss Z made a complaint about this in November 2018 which she brought to our service in 2020. However we were unable to consider the complaint as it was not brought to us in time.

Following this, in August 2020, she made a further complaint to Erudio. Miss Z said she didn't think it was fair that she would no longer be eligible for her loan to be cancelled due to the arrears. She also complained about the service she had received from Erudio while making the complaint as she had been given wrong information on phone calls and had to contact Erudio a number of times.

Erudio partially upheld her complaint. It said that she wouldn't be eligible for cancellation of the loan while the account was still in arrears. However it accepted that it had provided poor service and offered £150 compensation in total, to include reimbursement for any calls made.

Miss Z didn't think this was fair as she didn't agree her account should be in arrears. She brought her complaint to this service.

Our investigator considered all the issues but didn't recommend Miss Z's complaint be upheld. She said that Erudio is acting within its terms and conditions by not writing off the loan while there is arrears on the account. She said that as the other points Miss Z had raised were in relation to complaint handling, this isn't a regulated activity so she couldn't consider those further.

Miss Z didn't agree with this and asked for her complaint to be reviewed by an ombudsman.

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.

When considering a complaint such as this, I need to consider whether Erudio has acted fairly and in line with its terms and conditions. In this case Miss Z is unhappy that Erudio has said it won't be able to cancel her student loan as she is currently in arrears.

I should start by noting that I appreciate Miss Z doesn't agree that her account should be in arrears. However this part of her complaint was considered by Erudio in 2018 and was brought to this service outside of the timescale required. A decision has already been issued on this point concluding it doesn't fall into our jurisdiction, so I am not considering her concerns about this as part of this decision. Only about whether Erudio has acted fairly in relation to the cancellation of the loan.

Erudio has provided a copy of the terms and conditions of the arrangement it entered into with Miss Z. Under the section relating to cancellation it states as follows:

'We will cancel your liability to repay the loan if you:

(a) die; or

(b) are not behind with any repayments under any agreement for a student loan and you:

(i) were under the age of 40 when your last agreement for a student loan was made and you reach the age of 50 or when your last agreement for a student loan has been outstanding for not less than 25 years, whichever is the sooner; or

(ii) were aged 40 or older when your last agreement for a student loan was made and you reach the age of 60; or

(c) if you show us that you get a disability related benefit and because of your disability are permanently unfit for work.'

I assume Miss Z is familiar with these terms as she is aware of the entitlement to cancel the loan when she reaches 50 or it has been outstanding for 25 years.

However the term clearly states that this will only apply if 'you are not behind with any repayments' on the loan.

In this instance Erudio has said that the reason it will be unable to cancel the loan is because it is in arrears, and from the information provided, I can see this is the case. So Miss Z is behind on a repayment. When Miss Z entered into the agreement with Erudio she agreed to the terms and conditions. And I can see that this only allows her the right to cancel if payments are up to date. So Erudio are acting fairly by applying this term here.

Further it has offered her the opportunity to clear the £94.46 outstanding balance, as long as it is paid before 7 September 2021. And has said if this is paid then and the remaining balance will be cancelled. And I think this is fair. So I won't ask it to do anything differently.

In relation to Miss Z's other points of concern, I note they relate to how Erudio has handled her complaint. We aren't able to consider every complaint that is brought to this service. The rules for the complaints we can and can't look at are laid out in the Financial Conduct Authority (FCA) Dispute Resolution (DISP) Rules.

One of those rules, DISP 2.3.1 (1), sets out that we can only consider complaints about regulated activities. Complaint handling isn't an activity that is regulated by the FCA. So this service isn't able to decide on complaints about how a business has applied and carried out its only complaints procedure. I therefore won't be making an assessment on these elements of Miss Z's complaint.

My final decision

For the reasons I have given, I don't require Erudio Student Loans Limited to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 25 December 2020.

Sophie Goodyear
Ombudsman