

## **The complaint**

Ms R complains that Erudio Student Loans Limited didn't process her deferment application, leading it to cancel the loan and request full payment

## **What happened**

Ms R has a loan taken out via the Student Loans Company that is now administered by Erudio. In August 2019, Ms R applied to defer her loan as she was under the earning threshold.

Ms R's application to defer wasn't accepted as Erudio wanted to see bank statements that hadn't been filtered. Ms R didn't reply to Erudio's requests for additional information. As her account was then in arrears, Erudio took steps to default it.

Ms R says she didn't receive the letters so had no reason to believe her application to defer hadn't been successful.

The investigator wasn't satisfied that Ms R received Erudio's letters asking for further information as her address was incomplete. The investigator recommended that Ms R's complaint be upheld, and she be put back in the position she would've been had her deferment application been accepted.

Erudio disagrees with the investigator's recommendation. It agrees that it didn't use Ms R's full address but as Ms R has confirmed receipt of one letter, it's likely she received the others as well.

Erudio says it was reasonable to expect Ms R to make contact once she didn't receive written confirmation of the deferment. And that under the terms of Ms R's loan agreement, it's her responsibility to make repayments until a new deferment term is granted.

Erudio says that it's not possible to reinstate an account unless terminated in error. In Ms R's case Erudio says it was reasonable to terminate the account due to the arrears.

## **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 don't think there's any dispute that in 2019 Ms R was eligible for the deferment, so I don't want to spend time dealing with this in my decision.

Erudio's written requests for further information didn't include the country in Ms R's address. And Ms R says she didn't receive the letters. Erudio says that if Ms R received at least one letter, it's likely she received them all. But I don't agree.

I have had a look at Royal Mail's website for information on what address format should be used when sending mail internationally. For the country where Ms R currently lives, Royal Mail says that the country should be written in capital letters on the last line of the address.

The fact that one letter made its way to Ms R doesn't mean that all letters did. I think the evidence for this is strong because when Ms R did receive Erudio's letter of 26 February 2020, she promptly made contact to find out what happened.

Ms R has since been able to provide the evidence that Erudio asked for. On balance, it seems likely to me that if Ms R had received Erudio's requests for further evidence, she would've responded. Then Ms R's deferment would've been processed, and her account would not have defaulted.

I've considered what Erudio said about Ms R's responsibility to provide the right evidence when she applied for the deferment. But I can't find that this means I shouldn't require Erudio to put things right now. Ms R made the application to defer online and received an acknowledgment of her application. As far as I'm aware she didn't receive an error message to say there had been a problem.

This was the seventh time that Ms R had deferred with Erudio. I haven't been told that Erudio had to ask for additional evidence in the past. So, it seems reasonable for Ms R to assume she'd provided the right information on this occasion.

Although Erudio says Ms R should've noticed that it didn't send her confirmation of her successful deferment by post, this doesn't change my decision. In the absence of further correspondence from Erudio, I think it was reasonable of Ms R to assume that everything was okay. I don't consider Ms R should've been chasing Erudio for confirmation or that the lack of it should've necessarily rung alarm bells for her – particularly as Erudio had her email address to make contact and didn't do so.

Overall, I'm satisfied that it's reasonable to uphold this complaint. Ms R should be put back in the position she would've been had Erudio accepted her application to defer in 2019.

The investigator has identified an issue with the current deferral period running from October 2020 to October 2021. He has already sent Erudio some evidence to support Ms R's application to defer.

I don't make any finding on whether Erudio should agree to defer the loan for October 2020 to October 2021. However, once Ms R's loan is reinstated, I would expect Erudio to treat any application she might make to defer, reasonably and sympathetically, taking account of the logistics of international mail delivery.

As the investigator has suggested, it would seem sensible for Erudio to use Ms R's email address in the future as well as ensuring it correctly addresses any letters to be sent in the mail.

### **Putting things right**

To put things right, Erudio Student Loans Limited should:

- Reinstatement Ms R's loan agreement;
- Remove any interest or charges that it might've applied to the loan account because Ms R's loan wasn't deferred from October 2019;
- Remove any negative information that it may have reported to the credit reference agencies as a result of Ms R's loan not being deferred from October 2019; and
- Pay Ms R £100 compensation

**My final decision**

My final decision is that I uphold this complaint. To put things right, I require Erudio Student Loans Limited to put things right in line with the directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 6 May 2021.

Gemma Bowen  
**Ombudsman**