

The complaint

Mrs T complains that Link Financial Outsourcing Limited trading as Honours Student Loans is chasing her for a debt she doesn't think she should have to pay. She wants it to stop chasing her for the debt.

What happened

Mrs T tells us that she took out a student loan many years ago. And that this has been deferred ever since as her income has never exceeded the limits at which she would've been required to start repayments. She says that up until 2018 the deferments had always been approved and she was unaware of any arrears. She states that in November 2020 she was notified of owing over £6,000 in arrears. But says that she'd not previously received correspondence about arrears. She didn't think the letters which had been sent were clear or that she was given sufficient time to repay the debt. Mrs T also complains that Link keeps referring to her by her previous name of Miss J.

Link told us that it had tried to contact Mrs T on numerous occasions. And that it had sent out a notice of default in October 2020. When the required action hadn't been taken it said that it had sent the notice for the full repayment in November. It says it's willing to consider a payment arrangement.

Our investigator didn't recommend that the complaint should be upheld. She explained that Link was only responsible for the debt collection. And she felt it had sent out the required notices to Mrs T. She didn't think that Link had done anything wrong.

Mrs T didn't agree with this outcome. As it's not been possible to resolve this complaint an ombudsman's been asked to make the 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.

I'm sorry that Mrs T finds herself in financial difficulties and I understand that she's very concerned at how this has come about.

I think it's fair to say that Mrs T's complaint consists of two elements. The debt itself and how it's been pursued. I'm only able to deal with the debt collection aspects in this complaint. Link (HSL) is only responsible for the administration of the account. It doesn't make any decisions about deferment.

I hope that Mrs T will understand when I say I've a feeling that the issue of deferment might've been better looked at first.

I say this because Mrs T is clearly upset that her applications for deferment of her loan weren't approved. And had the loan repayments been deferred – as Mrs T thinks they should've been – the issues with the debt collection process would largely fall away.

I understand that Mrs T might be making a separate complaint about the issue of deferment. But she requested a decision on the other issues she's raised. And as I've said, my decision doesn't directly deal with the deferment process.

I'm aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not responding to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mrs T's debt arises from a student loan taken out many years ago. Student loan debts are unusual in that they generally only become repayable if the individual earns over a set amount in any financial year. And eventually after a number of years or when the individual reaches a specified age they can be written off.

As Mrs T doesn't dispute that the loan which Link is trying to collect relates to her I find that Link has done nothing wrong in contacting her about the debt and how it should be repaid.

I'll try to deal separately with the various issues that Mrs T has raised. In terms, she's upset that she didn't become aware of the scale of the arrears until late 2020. And didn't think Link had been sufficiently clear in communicating that arrears were accumulating.

Mrs T has told us that she hadn't received a number of letters which Link claims to have sent. This included a notice of arrears (due to a period of non-deferment) in 2017. And a default notice in October 2020.

I can only say that I've seen information that Link sent these letters. I can't hold Link responsible if a third party mail delivery service doesn't deliver the mail.

I've also seen notes which relate to the numerous emails that Link sent. I accept these might not specify arrears but they did seek contact.

Nor do I find it unreasonable for a business to use phone calls or texts to try to establish contact with a customer. It would be different if the customer had specified that they didn't wish to receive phone calls. But I can't see that this is the case here.

Mrs T is also concerned that the default and demand letters make no reference to payment arrangements. And didn't give her sufficient time to pay. Whilst acknowledging what she says, it's not the role of this service to instruct businesses as to what processes they follow.

Notices of default have to contain certain mandatory information. Which can be summarised as requiring the debtor to be told of the amount of debt they owe, the arrears, and what steps they need to take to avoid the default. The letters that Link sent appear to comply with the requirements.

The demand letter – where the default sum hasn't been satisfied - is required to notify the customer of what sum is due. And what steps might be taken to recover the debt. Again I think that Link's letters meet the requirements.

Payment arrangements can only be made once the business is aware the customer can't afford to pay the whole sum. And only then after its obtained details of income and expenditure so as to ensure that any payment arrangement is affordable and sustainable. And not every case will be suitable for a payment arrangement.

I wouldn't expect a business to routinely include details of possible payments arrangements before it knew of an individual customer's circumstances.

Bearing in mind the attempts made by Link to contact Mrs T, I don't think it was wrong to initially demand payment in full. But I understand that it's now agreed to consider a payment arrangement. And I hope this alleviates some of the immediate pressure upon Mrs T.

Whilst it's not amongst the most pressing of the concerns expressed, I do recognise that in correspondence Link has been addressing Mrs T as Miss J. Which was the name she was known by at the start of the agreement.

I can't see on the Link contact notes that it has recorded any request to change its records. Although I'd have expected the correspondence relating to this complaint to have prompted the change to be noted by now. I'd ask Link to make the required adjustment.

In summary, I don't find that Link has done anything wrong in relation to the manner in which it's sought to collect this debt. It's sent the required notices. And upon being made aware of Mrs T's financial difficulties it's said it's open to considering a payment arrangement.

I understand that Mrs T will be disappointed but I'm not upholding this complaint.

My final decision

For the reasons given above my final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 29 July 2021.

Stephen Ross
Ombudsman