

## **The complaint**

Miss S complains Erudio Student Loans Limited haven't administered her loans properly. She says as a result of this, they've recorded arrears which shouldn't apply – and those arrears are preventing her from getting her loan written off.

## **What happened**

In 1998 Miss S took out two loans which are now administered by Erudio. The terms of these loans allow Miss S to ask for a deferment if she meets certain criteria – one of which is income. Miss S says she's met that criteria each year, so has always applied for deferments and they've always been accepted. She's been doing this since 2001 and says she's very meticulous in making these applications each time.

In March 2020 Erudio told Miss S they'd not received her deferment paperwork. She said this happens regularly, but she had returned it. She said it was difficult at the time because her partner is extremely vulnerable and was shielding due to the Covid-19 pandemic – so she couldn't reprint her documents as she didn't have access to a printer. She also became aware there were gaps in her deferment history from 2016-2017.

When a deferment isn't made, arrears accumulate on the account. Miss S's arrears were around £400, but she said she couldn't afford this. She was also concerned about the arrears because she'd now reached an age where the terms and conditions of the loans meant they'd be written off if she met all the relevant criteria. But, one of those criteria was to have no arrears, so she complained to Erudio in June 2020, saying she wanted her loan paid off.

In August 2020 Erudio replied to Miss S's complaint. They explained they'd taken over the administration of the two loans from a company I'll call SLC in March 2014. Erudio said up to this point SLC were responsible for deferments and had told them there were gaps in Miss S's deferment between April 2005-June 2005, and between June 2012-October 2012. Erudio said a complaint was raised to us about these gaps, and they were removed, so they won't comment on this further. But there were gaps between October 2016-February 2017, and currently as no deferment had been in place since February 2020.

Erudio said for the October 2016-February 2017 gap a form was issued to Miss S on 29 April 2016, with further forms sent 29 August 2016 and 12 April 2017. No form was received until 27 April 2017. And, as deferments can only go back three months, that meant they'd go back to the end of the previous gap – February 2017.

The net result of this, was that Miss S had a period of 25 October 2016 to 24 February 2017 where she wasn't in deferment of her loan. That meant she needed to make payments, and because she hadn't, arrears had built up during this time. At the time of Erudio's reply, further arrears were also building up.

Overall, Erudio didn't think they'd done anything wrong, so wouldn't be upholding Miss S's complaint.

Unhappy with this Miss S asked us to look into things. One of our Investigators did so, and she felt the complaint should be upheld with these two loans being written off.

Miss S accepted this, but Erudio didn't. They said they couldn't see they'd acted unfairly or outside of the terms of the agreement they had with Miss S. They felt the outcome was being made on Miss S's word, rather than the facts and evidence showing she didn't contact Erudio to defer or discuss her account.

Because of that, the complaint's been passed 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.

Erudio have referenced arrears that were cleared in 2013 following Miss S contacting our service. From evidence I've seen that's a choice Erudio made, rather than our service. Regardless of the reason though, as they've been cleared, I don't need to consider them further.

So, the key issue in this complaint is whether Miss S did return her deferment forms before October 2016 as she said she did – and what that means for her situation from February 2020 onwards.

Where evidence is incomplete or contradictory, as it is in this case, I need to decide what I think is more likely than not to have happened – taking into account all the evidence I do have.

Miss S says she's always returned her deferment forms. She says her financial situation means she always pays particular attention to when these forms are required by Erudio – and since 2001 has never missed one.

Erudio say they sent out the forms but never received her deferment forms until 27 April 2017.

Looking at the evidence I've got, Erudio's systems do show that the deferment forms were sent to Miss S, for the October 2016 deferment, in August 2016. This appears consistent with previous years when the forms were sent as well.

Miss S has said she did receive them and returned them. Looking at Erudio's records, I can see that every year it's clear they did receive the deferment forms from Miss S in time for it to be applied. I've not seen anything to suggest there would have been a reason for her not to return the forms – like she'd been doing for 15 years at that time.

Miss S has talked in detail about the impact having to make repayments to this debt would have on her. Her personal circumstances mean her income is extremely tight. Given all of the history of Miss S's contact with Erudio about the deferment, I think it's more likely than not she did return the forms in 2016. That, effectively, was all she was required to do.

I can't know if those forms reached Erudio – they could have been lost in the post. But, they could also have been lost by Erudio (or SLC who were processing this on their behalf). Generally, we accept that if something has been sent, it'll usually be received.

With that in mind, I think it's reasonable for me to conclude Miss S more likely than not did send these forms, and as a result of that it's more likely than not the forms weren't

processed correctly / were lost. So, that means I don't think it's fair for Erudio to say there are outstanding arrears, and I'll require them to be removed.

The effect of removing those arrears means Miss S is entitled to ask for her debt to be written off – which is what our Investigator concluded was a fair outcome.

I've also come to the same conclusion. By removing the arrears she's now eligible for the debt to be written off. So, I'll require Erudio to do this.

I have noted Erudio's comments that in reaching the same outcome our Investigator was ignoring evidence and facts they'd provided. I understand why they'd say that – but Miss S's testimony is still evidence, and also isn't something I can ignore. I've looked carefully at the record of contacts Erudio have provided along with their reasons for saying Miss S probably didn't send the documents. But, for the reasons I've set out above, I'm more persuaded by her testimony that she did.

Finally, I've noted Erudio's comments about Miss S being in arrears since February 2020 – but by removing the arrears she would have been eligible for her loan to have been written off prior to this date – so I don't need to comment on this further.

### **My final decision**

I uphold this complaint and require Erudio Student Loans Limited to write off the two loans that are the subject of this complaint. Once that's done, they'll need to write to Miss S to confirm both of these accounts are closed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 November 2021.

Jon Pearce  
**Ombudsman**