

The complaint

Ms K complains that Erudio Student Loans Limited (Erudio) did not inform her that she would have to make an application to actively defer her student loans during the Covid-19 pandemic, causing arrears to accrue on her accounts.

What happened

Ms K has three student loan accounts with Erudio opened in 1996, 1997 and 1998 respectively.

Ms K had been deferring payments on these accounts for some years now. Each year Ms K completed a deferment application which Erudio considered and approved. Ms K had a deferment arrangement agreed in 2019 that ended on 14 February 2020.

On 20 December 2019 Erudio sent Ms K a deferment application form, for her to fill out if she wanted to defer her payments again, for another twelve months. On 20 January 2020 Ms K advised Erudio that she was waiting for her Tax returns and may be late getting the application back.

As it hadn't received the application, from Ms K, Erudio sent her a reminder letter, on 26 January 2020. Ms K didn't complete a deferment application and so Erudio sent a further letter on 18 February 2020. This let her know the deferred period had come to an end and that payments would be due from 15 March 2020.

As Erudio didn't receive any monthly payments from Ms K, it sent her 'Notice of Sums in Arrears' (NoSiA) letters in March, April and August 2020, by which time the arrears had accumulated to £1082.69.

Ms K says she never received any of the letters Erudio sent, apart from the one in August 2020, and feels this is likely due to postal disruptions because of the Covid-19 pandemic. She says she assumed that Erudio would have made allowances for this, as other financial businesses did, and placed her account on hold during that time.

Ms K completed a deferment application, which was approved by Erudio in September 2020, and backdated to June 2020, reducing the arrears to £630.80.

Ms K was unhappy with this and complained to Erudio. It didn't uphold her complaint, it said, while some companies chose to send out updates specifically relating to Covid-19, it had chosen not to take a blanket approach but to continue to manage accounts individually. It said all the letters had been sent to Ms K's correct address, if she had been experiencing difficulties, she could have contacted it for options such as deferment or payment holidays. It confirmed the arrears stood at £630.80 and that Ms K could contact it to set up a payment plan.

Ms K remained unhappy with Erudio's response and so brought her complaint to this service. The investigator that looked into Ms K's complaint didn't uphold it in summary they said:

- Although Ms K said she didn't receive any of Erudio's letters he could see that they were all addressed correctly and was satisfied they were sent.
- This was not the first time Ms K had applied for deferment and she knew the process, so ought to have been aware of the need to apply each year.
- Although Erudio didn't provide any information that was specific to the Covid-19 pandemic, he didn't think it had done anything wrong.
- Ms K had confirmed that there were no changes in her income from 2019 and so her income wasn't affected by the pandemic.
- Erudio was entitled to require Ms K to pay the arrears but it should let her set up an affordable payment plan taking into consideration her current income and expenditure.

Ms K disagreed with the investigator's findings, I've summarised her response below:

- She had serious health concerns in 2019, which thankfully had a positive outcome and resulted in her being discharged by her consultant in January 2020.
- She was building her business and her life when the Covid-19 pandemic hit and this was a lot to deal with and traumatic – she found it particularly hard as she had experienced a roller coaster of health in the previous five years – having multiple surgeries and had also been made redundant during the same period.
- She has recently ended treatment for PTSD associated with medical trauma.
- The business has used Covid-19 as an excuse for delays in service but the same courtesy has not been extended to her, so she is being unfairly penalised.

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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. However, I've given careful consideration to all of the submissions made before arriving at my decision. Having done so I have to tell Ms K that I won't be upholding her complaint, I'll explain.

Ms K has told us that she has been deferring her loan accounts with Erudio for a number of years and as such, I believe it's reasonable to assume that she understands the process and what she has to do to apply for the deferment.

I fully understand that Ms K has been through a very stressful time with her health in the five years prior to her complaint; and am pleased that her outcome is a positive one. Ms K has provided evidence to show that her most recent treatment was concluded in 2016. And she had some further tests carried out on 2 January 2020, which resulted in her specialist recommending she be discharged the same day. Given this, I don't agree her health concerns would have prevented her from completing an application for deferment in February 2020, as it hasn't done so in previous years.

Ms K says she never received any of the letters Erudio sent, but it has provided evidence that the letters were sent as well as copies of them. I can see that they were correctly addressed to Ms K at the address Erudio held for her. This is the same address that is on the letter she has provided to us that was sent by the hospital on 30 January 2020, so I'm satisfied they were sent to the correct address.

Ms K has said its possible she didn't receive the letters due to postal disruption caused by the Covid-19 pandemic. While that is possible for the later letters, I don't find it likely for the letters sent to her in January and February as this was before the covid-19 pandemic was declared, and before any restrictions had been put in place. But even if Ms K didn't receive any of the letters, I can't fairly hold Erudio responsible for failings in the postal service. Nor would it be fair for me to hold it responsible for Ms K's assumption that Erudio would automatically place all accounts on hold because of the Covid-19 pandemic, as this wasn't based on any communication, she had had with it.

Notwithstanding, I have seen contact notes that show Ms K was in contact with Erudio on 20 January 2020, which is after her discharge from the hospital, explaining that she was waiting for her tax returns. So, on balance I'm satisfied she was aware at this point of her responsibility to complete an application for deferment, and able to be in contact with Erudio about this.

Ms K has said Erudio is using the Covid-19 pandemic as an excuse for delays in service, but she is not being allowed the same courtesy, and so she is being unfairly penalised. But I have to tell her I don't agree, Ms K has told us that her income was unaffected by the Covid-19 pandemic and although she has said she found it stressful she hasn't said this is what prevented her from completing her application. She has been clear she didn't do it because she assumed she didn't need to. I can't see that Erudio caused any delays when she did contact it, as it processed her application within a few days.

Given the above I can't say Erudio has been unfair in its actions and won't be asking it to do anything different here. Ms K should now work with Erudio to make an arrangement to pay the arrears that have accrued on the account.

I know Ms K will be disappointed with this outcome. But my decision ends what we – in trying to resolve her dispute with Erudio– can do for her.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 23 November 2021.

Amber Mortimer
Ombudsman