

## **The complaint**

Mrs S complains that Erudio Student Loans Limited closed her student loan account after she applied for a deferment.

## **What happened**

Mrs S has a student loan with Erudio and has explained she previously successfully applied to defer her payments. Between 2015 and 2018 Mrs S has told us she experienced some serious health problems which impacted her ability to apply for deferment of her student loan payments.

In 2018 and 2019 Mrs S successfully applied to defer her student loan payments. In September 2020 Mrs S says she submitted similar evidence of her income as previous years but her application wasn't accepted by Erudio. It asked Mrs S to provide evidence of employed income and a bank statement showing benefit income. Erudio said that Mrs S' tax return was out of date for Mrs S' employed income. Mrs S says she found Erudio's request confusing as she thought the information already submitted was complete.

Mrs S resubmitted the same evidence again but Erudio rejected it. Erudio requested the same information again. Mrs S has explained she thought this was a mistake so took no further action. But the deferment application wasn't approved and expired.

Erudio went on to terminate Mrs S' student loan account. Mrs S complained about the way Erudio had handled her complaint about the deferment application. In addition, Mrs S asked Erudio to consider how health problems had impacted her ability to apply for deferment between 2016 and 2018.

Erudio didn't uphold Mrs S' complaint and said its decision to terminate her loan account due to the arrears was correct. Erudio confirmed arrears had built between 2016 and 2018. Erudio said it would consider options for Mrs S' account if she provided medical evidence. Erudio didn't uphold Mrs S' complaint.

Mrs S referred her complaint to this service and it was passed to an investigator who upheld their complaint. The investigator was satisfied Mrs S' circumstances meant she wasn't able to apply for a deferment between 2016 and 2018. The investigator said Erudio should either remove the arrears or retrospectively check whether Mrs S would've qualified for a deferment during that period. In addition, the investigator said Erudio should look at information Mrs S had supplied in January 2021 to assess whether she would've been eligible for deferment in September 2020.

The investigator recommended that, if the deferment applications were retrospectively approved, Erudio should remove the arrears that had accrued and reinstate the loan, in line with its original terms.

Erudio asked to appeal and said it didn't agree it had unfairly rejected Mrs S' deferment application in 2020. Erudio didn't say why it was unwilling to retrospectively consider

deferments for the years between 2016 and 2018. As Erudio asked to appeal, Mrs S' complaint has been passed to me to make a 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.

As Mrs S' complaint falls broadly into two parts, I'll consider each in turn. I'm going to start by looking at Mrs S' deferment application in 2020. I accept that Mrs S didn't submit the information Erudio wanted to see. But, I think that's on the basis of a genuine misunderstanding concerning the evidence already supplied and why it wasn't valid. When Mrs S received Erudio's first response to her deferment application, she resubmitted the same evidence as she thought it was correct. I think Mrs S makes a reasonable point when she says Erudio should've done more to clarify exactly why the information she'd already provided wasn't suitable for its purposes. Instead, Erudio sent the same information request to Mrs S which she assumed was received in error.

I've seen the evidence of Mrs S' income provided and whilst I agree it's not what Erudio subsequently asked for, I'm satisfied her confusion about the matter was genuine. In my view, had Erudio done more to help Mrs S, she would most likely have successfully applied for deferment in 2020. I agree with the investigator that the fairest approach here is for Erudio to wind the clock back and retrospectively consider Mrs S' deferment for 2020.

Mrs S has also complained about the arrears that accrued between 2016 and 2018 and asked Erudio to consider her health and circumstances at the time. Erudio asked Mrs S to obtain medical evidence and it's clear this wasn't an easy process. But I've seen the medical evidence Mrs S sent Erudio and I'm satisfied it shows she was experiencing a particularly difficult time during the period in question. I'm not going to talk about Mrs S' health problems in detail here as all parties have seen the medical records provided. But I'm satisfied from the medical records and Mrs S' testimony there were exceptional circumstances that prevented her from applying for deferment between 2016 and 2018.

Mrs S has told us her income level means she would always have qualified for a deferment and had successfully applied in the past. I think that adds weight to what Mrs S has told us about her health. If Mrs S' circumstances hadn't been impacted by her health I think it's most likely she would've applied to Erudio to defer her loan payments between 2016 and 2018 and she claims.

Taking all the available information into account and for the reasons I've given above, I'm upholding Mrs S' complaint.

### **Putting things right**

To resolve Mrs S' complaint, Erudio should take the following steps:

- Either refund arrears accrued between 2016 and 2018 or consider retrospective deferment applications from Mrs S. If the deferment applications are successful, Erudio should refund the arrears accrued.
- Erudio should retrospectively consider a deferment application for 2020. If successful, Erudio should refund the arrears accrued since that time.
- If the deferment applications meet the relevant criteria, the student loan should be reinstated in line with the original terms and condition.
- As matters have moved on, Erudio should also consider deferment applications for the years 2021 and 2022 as required.

- If Erudio has recorded the default on Mrs S' credit file, it should take steps to remove it.

**My final decision**

My decision is that I uphold Mrs S' complaint and direct Erudio Student Loans Limited to settle in line with the above instructions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 4 April 2022.

Marco Manente  
**Ombudsman**