

## **The complaint**

Mr C complains about Erudio Student Loans Limited's decision to terminate his student loan account.

## **What happened**

Mr C had a student loan in the 1990s. Mr C's loan is one that can be deferred if the relevant criteria are met. Mr C has met the criteria to defer his loan repayments for a number of years.

In 2020, Erudio decided to terminate Mr C's loan account because they said they had not received the relevant forms from Mr C in order to defer his loan.

Mr C complained to Erudio. Erudio said in response that they had written to Mr C to explain what he'd need to do to defer his loan in 2020. They'd received copies of payslips from him by email but had replied to explain he'd need to also complete a deferment form – which they said they didn't receive.

As Mr C wasn't happy with this response, he referred his complaint to our service. An Investigator considered what had happened. He said, in summary, he didn't think Erudio had treated Mr C unfairly because they'd followed the correct process and Mr C hadn't sent them the information they required.

Mr C didn't accept the Investigator's findings. He said 2020 and the pandemic was a very difficult time for him and his mental health had suffered. For these reasons, he felt Erudio should not have terminated his loan without contacting him by phone to explain what was needed.

As Mr C didn't agree, the complaint has 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.

Each year, if the account holder wants to defer their student loan payments, they must make a new application. If an application isn't made or the account holder is no longer eligible to defer their loan – payments become due under the original loan agreement. And if payments aren't then made, the agreement can be terminated. Mr C is aware of the requirements of the deferral process. He's told us he's been deferring this loan for 20 years.

I can see Erudio wrote to Mr C in March 2020 to invite him to make his deferment application online. And they wrote again to Mr C in April 2020 to remind him about his deferment application and enclosed a paper copy of the form for Mr C to return.

Mr C sent copies of his payslips by email to Erudio in June 2020. Erudio replied in July 2020 to acknowledge receipt of the payslips but said they hadn't received a deferment form from

him. Mr C says he didn't receive this email from Erudio. But I'm satisfied, based on the evidence I've seen, that Erudio sent it and it looks like they replied directly to Mr C's email. So while it's not clear why Mr C didn't receive it – I don't think I can fairly say this was because Erudio made a mistake.

As I've mentioned, Mr C had been deferring his loan for a long time so I think it's fair to say he was familiar with the process and acknowledged that although he hadn't submitted the required form – he feels Erudio should have just accepted his payslips to process his deferment application. But Erudio weren't refusing to accept emails from Mr C – they just also required him to complete a deferral form, which he hadn't done.

I understand Mr C's circumstances were difficult in 2020. He was bereaved, caring for other ill relatives and as a result, his mental health suffered. It doesn't look like Mr C made Erudio aware of these circumstances at the time.

I'm sorry to hear how difficult things have been for Mr C and his family and I can see our Investigator asked Erudio if they'd be willing to reconsider their decision in light of what Mr C had told us. They said they weren't willing to do so and this is a decision for them. And, as difficult as Mr C's circumstances were and while I appreciate the hard time he was experiencing, that doesn't mean Erudio has made a mistake. Particularly as they weren't made aware of the difficulties Mr C was having at the time.

I can see Erudio had offered Mr C the option to complete the deferral online when they wrote to him in March 2020 and in later letters. So although Mr C says he didn't have access to a printer, I don't think it's likely he would've needed this as he could've completed the application online.

After the deferment period ended, Erudio sent letters to Mr C in June, July and August 2020 to explain payments were due as they had not received a deferment application from him. Each letter also explained what Mr C needed to do in order to apply for deferment if he still wanted to and that the account was at risk of termination if they didn't hear from him. And in September 2020, Erudio sent a default notice to Mr C. Mr C says he didn't receive these letters, but I'm satisfied they were sent and to the correct address. So I find Erudio took the appropriate steps to contact Mr C before making the decision to terminate his account in October 2020.

Finally, Mr C feels Erudio should've contacted him by phone before terminating his account. But there was no obligation for them to do so and I've already explained above that they contacted Mr C in other ways as I'd expect.

### **My final decision**

For the reasons I've explained, I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 May 2022.

Eleanor Rippengale  
**Ombudsman**