

The complaint

Mrs M complains about the way Erudio Student Loans Limited administered her student loans.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mrs M has told us she deferred her student loan payments since graduating. In July 2013 Mrs M completed a deferral application which was approved. Mrs M has told us she moved home in July 2013 and notified the Student Loans Company (SLC) over the phone. SLC says it has no record of Mrs M updating her address.

In November 2013 Erudio purchased Mrs M's student loans from SLC and in March 2014 it sent a Notice of Assignment to the address on file.

The deferment period ended in July 2014. Erudio says neither it or SLC received contact from Mrs M or a new deferment application. As a result, Mrs M's loan accrued arrears from this point. Mrs M has told us she moved to a new address in July 2014.

In October 2015 Erudio completed a tracing exercise and found Mrs M's new address. In January 2016 Erudio sent Mrs M a Notice of Default due to the arrears on the loan account. In March 2016 Erudio sent Mrs M a Termination Letter asked her to repay the outstanding balance in full. Erudio continued to send arrears letters to Mrs M in the months that followed. Erudio's contact notes show it called Mrs M several times in 2016 and early 2017 but was told she wasn't available.

In February 2017 Erudio received a letter from Mrs M who confirmed her address was the same it had traced her to. Mrs M told Erudio she hadn't been aware it had taken over her student loans or that they were in arrears. Erudio cancelled the termination process and Mrs M successfully applied for a deferment. Mrs M has subsequently been approved for further deferments.

In December 2020 Erudio told Mrs M she didn't qualify for an age-related loan write off because of the arrears on her account. Erudio confirmed that once the arrears were cleared, Mrs M's loan balance would be cancelled.

Mrs M complained and Erudio sent her a final response. Erudio said the last deferment application that was approved was in July 2013 and that it had written to the address provided by SLC.

Mrs M referred her complaint to this service and it was passed to an investigator. The investigator thought Erudio had waited too long to try and trace Mrs M and upheld her complaint. Erudio asked to appeal and said Mrs M hadn't updated her address with either it or SLC. As Erudio asked to appeal, Mrs M's case has been passed to me to make a decision.

What I've provisionally 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 recently asked both parties for some additional comment and information. I've also looked at the original loan terms and can see they require a borrower to keep SLC updated with address changes. I asked Mrs M whether she'd updated her address with SLC and she has confirmed this was completed over the phone. However, I also asked Erudio to check whether SLC had any record of Mrs M's new addresses. SLC said it had the same address on file for Mrs M from 2006 onwards. SLC confirmed that Mrs M didn't update her address with it during the period in question.

Where the circumstances of a complaint are disputed by the parties involved I'll base my decision on the balance of probabilities. That is, what I consider is most likely to have happened based on all the available information and evidence. In this case, Mrs M told us she moved in July 2013 and updated SLC. But Mrs M's also told us she moved again in July 2014. I would expect there to be at least two address updates with SLC during this period but it's confirmed there were none. In my view, the available information supports Erudio's claim that Mrs M's address wasn't updated.

Mrs M has confirmed she didn't receive notice her loans had been sold to Erudio but I think that's because the letters were sent to her previous address. And Mrs M didn't receive follow up correspondence for the same reason. I'm sorry to disappoint Mrs M but I haven't found it was a mistake by Erudio that led to her not receiving important correspondence about her loan.

I think it's reasonable to note Mrs M had deferred her loan payments on several occasions before. So Mrs M would've been broadly aware of the process involved and requirement to apply annually. And I think Mrs M would most likely have been told by SLC that her previous deferment was due to end around July 2014 so she'd need to apply again. Mrs M has told us she thought the loans had been written off, but I've not seen anything that shows that information was given to her by Erudio. And Mrs M hasn't sent us any evidence to show she was told there was no need to defer payments going forward.

Our investigator thought Erudio had waited too long to carry out a tracing activity. Whilst Erudio could've taken that step sooner, I'm satisfied the loan terms say the borrower should keep their contact details up to date. And, as I've said above, I haven't seen evidence Mrs M's address was updated either before or after the loans were sold to Erudio.

I'm very sorry to disappoint Mrs M but I haven't been persuaded to uphold her complaint. As I'm satisfied Erudio has dealt with Mrs M's complaint fairly I don't intend to tell it to waive the arrears or take any further action.

I invited both parties to respond with further comments or information they wanted me to consider before I reached my final decision.

Mrs M responded and said she had updated her address with SLC, in addition to having a postal redirection in place for 12 months after she moved in July 2013. Mrs M also confirmed she had previously changed her address with SLC so was aware of the process involved.

Mrs M reiterated that she had successfully applied for deferrals between 1996 and 2013. In addition, Mrs M said she's spoken with SLC which confirmed Erudio insisted on no

interference in terms of the administration of the loan accounts after it acquired them. Mrs M says SLC wouldn't have been able to amend her address with Erudio. Mrs M confirmed the outstanding loan balance hadn't been written off when she turned 50 as a result of the arrears. And Mrs M raised other decisions we've issued concerning complaints about Erudio that had similar issues.

Erudio confirmed it had nothing further to add.

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'd like to thank Mrs M for the level of detail included in her response. I don't seek to suggest Mrs M wasn't willing to complete further deferral applications. My role is to look into Erudio's actions to see whether it made a mistake or treated Mrs M unfairly. I'm sorry to disappoint Mrs M, but I still haven't found that Erudio treated her unfairly in this case. I'll explain why.

Mrs M has told us she had a postal redirection in place so should've received the new deferral application in July 2014. But Mrs M has also told us she moved home twice around this time. Once in July 2013 and again in July 2014. Mrs M hasn't told us about a follow up postal redirection. And, as I said in my provisional decision, SLC has confirmed that Mrs M didn't update her address in July 2013 or after that. Leaving all other issues to one side, I think it's more likely than not that if Mrs M had updated her address with SLC it either would've changed it on its systems or asked her to contact Erudio for the same purpose.

I'm sorry to disappoint Mrs M, but I haven't found that Erudio made a mistake when it wrote to her at the last known address - as supplied by SLC.

I understand the loan wasn't written off when Mrs M turned 50. But the loan terms say a loan can be written off if it's not in breach of the agreement. And, as no valid deferral was in place from July 2014, I'm satisfied the arrears were genuine. Where the loan is in arrears, it's in default of the agreement. Whilst I know my decision will disappoint Mrs M, as I'm satisfied the arrears are genuine, I don't have grounds to tell Erudio to write off the remaining balance.

The Financial Ombudsman Service considers complaints on an individual basis. I've read the decisions Mrs M has quoted. But I'm satisfied I've reached a fair decision having considered all the available evidence in Mrs M's case. Based on the information I've seen and for the reasons given above and in my provisional decision, I haven't been persuaded to uphold Mrs M's complaint.

As I'm satisfied Erudio has dealt with Mrs M's complaint fairly I don't intend to tell it to waive the arrears or take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 March 2022.

Marco Manente
Ombudsman