

The complaint

Mrs H complains that Erudio Student Loans Limited terminated her student loan after she missed a deferment application deadline.

What happened

Mrs H has told us she'd previously deferred her student loan. In early October 2020 Erudio wrote to Mrs H and advised the deferment period was ending. On 27 October 2020 Mrs H spoke with Erudio and details of the arrears that had accrued were provided. Erudio advised Mrs H the loan deferment had ended and a new application was required. Erudio says it discussed evidence, like bank statements, Mrs H needed to provide.

In November and December 2020 Erudio sent Mrs H arrears letters. Erudio said the arrears were stopping the age-related loan write off and asked Mrs H to get in touch.

In January 2021 Erudio sent Mrs H a default notice that said she needed to repay arrears of £450.19 by 8 February 2021. No payments or contact were received, so Erudio terminated Mrs H's student loans.

In March 2021 Mrs H complained to Erudio. Mrs H said she'd asked for email correspondence previously. Mrs H also said she'd missed the deferment deadline due to exceptional circumstances and the impact of Covid. Erudio issued a final response on 29 April 2021 but didn't agree it had acted unfairly.

An investigator at this service looked at Mrs H's complaint. They thought Erudio had given reasonable notice of the end of the deferment and need for a new application before it terminated the agreement. The investigator didn't uphold Mrs H's complaint and she asked to appeal. As a result, Mrs H's case 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.

Mrs H accepts the deadline for completing the deferment application was missed. I understand Mrs H's circumstances were difficult at during this time. Mrs H has told us that her home was flooded, she was experiencing financial difficulties and Covid's impact all played a part in the situation that led to the deferment deadline being missed. Mrs H has also told us she wasn't opening post at the time, due to concerns about Covid. I've read and considered everything Mrs H has told us about what was happening in the background.

Whilst I don't doubt what Mrs H has told us, I have to be fair to both parties. And I can only uphold a complaint if I find that a business has made a mistake or treated a customer unfairly. Mrs H had an existing deferment in place that ended at the start of October 2020. Before the deferment ended, Erudio sent Mrs H confirmation of what she needed to do to arrange another. Erudio also included details of Mrs H's arrears.

Mrs H spoke with Erudio on 27 October 2020 and discussed her loan. Erudio confirmed no deferment was in place and arrears were increasing. Information about the deferment application process was provided. Erudio records that Mrs H agreed to obtain bank statements. But no further contact was received from Mrs H. So Erudio sent follow up arrears letters that also included a warning that the age related write off had been put at risk.

Erudio sent Mrs H a default notice that gave warning of its intention to terminate her agreement. A final date to clear the arrears was provided but missed. Ultimately, as no deferment application had been received, arrears continued to accrue and no further contact was received Erudio took the decision to terminate Mrs H's loans. In my view, Erudio kept Mrs H updated about the status of her loan and what it intended to do next at each stage.

Mrs H has told us she asked for correspondence to be sent by email but Erudio says there's no record of that during calls in 2020 and 2021. I understand Mrs H was concerned over Covid and opening post. But as I can't find any evidence Erudio was asked to email instead of writing, I'm unable to agree it acted unfairly. I also think it's fair to note that in Mrs H's complaint form she's explained the deferment application was missed due to events that were outside of her control, rather than because Erudio had failed to send information about her account status.

Mrs H has clearly been through a difficult time and I understand there were unusual and serious pressures acting on her. But, Erudio provided notice going back to 11 September 2020 to say it hadn't received Mrs H's deferment application form. Further notice was sent in October 2020 and Mrs H went on to discuss the deferment process at the end of the month. Given arrears had increased to over £450 by the point Mrs H's loans were closed I'm satisfied it was reasonable for Erudio to terminate the loan agreements. That stopped arrears increasing. I'm sorry to disappoint Mrs H but I haven't been persuaded that Erudio acted unfairly.

As I'm satisfied Erudio dealt with Mrs H's complaint fairly, I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 22 August 2022.

Marco Manente
Ombudsman