

The complaint

Mr O is unhappy that Erudio Student Loans Limited declined his deferment application for his student loan.

What happened

Mr O held a student loan with Erudio. Mr O also holds other student loans with another company. Because of the shared nature of his overall student loan debt, the primary contact for his student loans was a third company, which acted as an administering company. This administering company was responsible for issuing letters to Mr O, including any deferment applications for his Erudio loan.

Mr O had deferred his Erudio loan previously in 2017, but that deferment period ended on 19 October 2018, at which time Mr O became liable to make monthly payments towards the outstanding balance. Notably, when Mr O had deferred his Erudio loan in 2017, the loan had been in a position of arrears at that time, and Mr O didn't make any payments to clear those arrears during the time that the loan was deferred.

In August 2018, with the most recent deferment period coming to an end, the administering company issued a deferment application form ("DAF") to Mr O so he could apply to defer the repayment of the loan again. Mr O didn't receive that DAF, but he later received a letter from the administering company which confirmed that the Erudio loan had been newly deferred.

However, Mr O later learned that his Erudio loan hadn't been deferred, and that because he hadn't made the payments due on the loan when the most recent deferment ended in October 2018 that Erudio had terminated his account. Mr O contacted Erudio and explained the situation, but Erudio said that the loan couldn't now be reinstated, and the full balance of the loan was due. Mr O wasn't happy about this, so he raised a complaint.

Erudio looked at Mr O's complaint. They didn't feel that they'd acted unfairly towards Mr O and so they didn't uphold the complaint. Mr O wasn't satisfied with Erudio's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they also didn't feel that Erudio had acted unfairly in how they'd managed the situation. Mr O remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Mr O has said he didn't receive the DAF that the administering company sent to him, and that the administering company explained verbally to him that this is because they sent the DAF to an old outdated address that had been applied incorrectly to that one particular letter.

But the administering company have provided different information to Erudio and have

instead confirmed that Mr O's address has been correct since he updated it with them in January 2018 and that all subsequent letters have been sent to that address.

Mr O has stated that he often doesn't receive letters sent to his address because another nearby address is very similar and that post often gets delivered incorrectly to that other address. I can appreciate Mr O's position here, to a degree. But this service wouldn't hold a business accountable for the non-delivery by a postal service of correctly sent letter. And if it were the case that important mail was at risk of being incorrectly delivered, I feel it's reasonable to expect Mr O to have taken measures to mitigate against this.

One such measure could have been Mr O taking a more proactive approach to renewing the deferment of his Erudio loan. And given that Mr O was aware of the end date of the prior renewal period, it doesn't seem unreasonable to me to have expected Mr O to have contacted both the administering company and Erudio directly if the end date of that prior deferment period was approaching and if Mr O hadn't received the DAF as expected.

Indeed, Erudio have confirmed that if Mr O had contacted them that they could and would have placed a hold on his account while simultaneously contacting the administering company to ensure that a replacement DAF was sent to Mr O. And Mr O spoken with Erudio previously a few months earlier when Erudio were chasing the repayment of the arrears that remained unpaid on Mr O's account throughout the most recent deferral period.

In short, I feel that Mr O, as the account holder, was ultimately responsible for ensuring that any request to defer his loan again was made on time, regardless of what letters and forms were or weren't received to his address.

I also don't feel that it can reasonably be stated that Erudio have done anything wrong here. This includes that Erudio sent letters directly to Mr O when the loan wasn't renewed and when Mr O didn't make the monthly payments that then became due, meaning that Mr O's account fell further into arrears. And Mr O has confirmed that he received these letters but didn't act upon them, because he had already received notice from the administering company that the Erudio loan had in fact been deferred again.

The administering company did send such a notice to Mr O by mistake. But this notice was sent to Mr O in March 2019, which was after the deferral period had ended in October 2018, and after Erudio sent the letters that Mr O received about his loan account falling further into arrears. Indeed, because of the arrears of the account, Erudio terminated the loan agreement in February 2019, meaning the loan account was terminated before the administering company mistakenly informed Mr O that the Erudio loan had been deferred.

The administering company have admitted their error in this regard. But it's not an error that Erudio bear any accountability for or one which had any impact on the termination of the loan account. And I remain satisfied that it was fair and reasonable for Erudio to follow the account arrears process they did that resulted in the termination of the loan agreement.

Finally, Mr O has explained that he was going through some difficult personal circumstances during the time in question. I can sympathise with Mr O in this regard. But I feel that there was a reasonable amount of time for Mr O to have contacted Erudio as explained, even if only to advise of the difficulties he was facing at that time. And I feel it must be remembered that the reason Mr O's loan agreement reached an arrears position whereby the termination of that account happened as quickly as it did was because Mr O hadn't cleared the arrears that had remained on his account throughout the entirety of the most recent deferral period.

All of which means that I don't feel that Erudio have acted unfairly or unreasonably here as Mr O contends, and it follows from this that my final decision is that I won't be upholding this

complaint or instructing Erudio to take any further action. I realise this won't be the outcome Mr O was wanting, but I trust that he'll understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 December 2022.

Paul Cooper
Ombudsman