

The complaint

Miss B complains that Erudio Student Loans Limited unfairly terminated her student loans at the end of a deferment period.

What happened

Miss B had three student loans with Erudio that had been subject to deferment. In May 2014 the existing deferment period ended but no new deferment application form was received by Erudio. As a result, arrears begin to accrue on Miss B's loan. By October 2014, when Erudio received Miss B's next deferment application, she was around six months in arrears.

Miss B's October 2014 deferment application was approved but the arrears were not repaid. Successful deferment applications were made until 2019. Erudio issued new deferment applications to Miss B but didn't receive a response before the end of the existing deferment period in November 2019. As there was no active deferment in place, Miss B became liable for monthly payments as well as the existing arrears.

Erudio sent Miss B a default notice in November 2019 and her loan agreements were later terminated as no payments or contact was received. The loans were later passed to a third party business to collect on Erudio's behalf.

Once the loan agreements were terminated Miss B lost the right to defer future payments or qualify for an age related write off. Miss B complained but Erudio didn't agree it had made mistakes or treated her unfairly.

An investigator at this service looked at Miss B's complaint and said we could only consider it in part. The investigator said issues that had occurred more than six years before Miss B complained didn't fall within the remit of our service. And they didn't think Erudio had treated Miss B unfairly by closing the loans due to arrears. Miss B asked to appeal, so her complaint was passed to me to make a decision.

I recently issued a decision that explained we can't consider events that occurred more than six years before the complaint was made. But I said we could consider the circumstances of Miss B's account closure in 2019 as this complaint was referred to us in line with the time limits noted in the rules.

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 I've said above, I recently issued a decision that focused on how the time limits we operate under impacts Miss B's complaint. In this decision, I'm going to talk about the circumstances under which Erudio terminated Miss B's loans.

From 2014 onwards, Erudio sent Miss B letters that confirmed her student loans were in arrears. I've reviewed the Notices of Sums in Arrears letters and I'm satisfied that clearly set

out the status of Miss B's accounts. I appreciate the loans were subject to deferment during this time, so no standard monthly payments were required. But the arrears in question came about when Miss B's account was not subject to a deferment. I'm satisfied there were arrears and that Erudio contacted Miss B to request repayment.

The effect of the existing arrears meant Erudio quickly moved the account through its collections process once the existing deferment period ended. But given how long the loans had been in arrears, I'm not persuaded that was unfair. I'm sorry to disappoint Miss B but I'm satisfied Erudio acted fairly when it closed the loans.

Miss B has told us she's felt harassed in relation to the closed loan. But Erudio and its agents have a legitimate reason to contact Miss B about repayment. So I'm unable to agree Erudio's acted unfairly by continuing to contact Miss B about the loan balances. Whilst the loans may no longer be eligible for deferment and age related write offs, Erudio is obliged to ensure any arrangements it reaches are affordable and sustainable.

I'm sorry to disappoint Miss B, but as I'm satisfied Erudio dealt with her complaint fairly I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 November 2022.

Marco Manente
Ombudsman