

## **The complaint**

Mr D complains that Erudio Student Loans Limited unfairly declined his deferment application.

## **What happened**

Mr D has a student loan with Erudio that has been subject to deferment for some years. Mr D is self employed with income coming from various sources. In 2021 Mr D applied for another deferment and information about his income was supplied. Mr D has explained that two of his businesses made a profit but his third business operated at a significant loss. As a result, Mr D and his accountant say his gross income fell below the deferment threshold.

Erudio didn't approve the deferment application and said it took gross income before any losses were applied. Mr D complained but Erudio didn't agree it had acted unfairly or made a mistake. An investigator at this service looked at Mr D's complaint and upheld it. They thought Erudio's decision was unfair and said it should retrospectively approve the deferment application for 2021 and refund any payments Mr D had made, subject to 8% interest.

Erudio didn't respond to an information request or follow up findings from the investigator advising how they thought Mr D's complaint should be upheld. As a result, Mr D's complaint 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.

Erudio has told us it sought advice and used gross income before deductions to decide whether a customer is eligible for deferment. Mr D's accountant has provided their comment and explained Mr D's income is made up from different sources and that his gross income, when taken together was actually a loss. So Mr D says his income feel substantially below the deferment threshold.

I understand Erudio's point about the use of gross income for deferment purposes. But Mr D's accountant has confirmed the approach taken isn't on the basis of deductions for expenses, tax or other similar items. They've explained the gross income figure used is derived across Mr D's different sources of income and falls substantially below the threshold. The approach seems reasonable to me. And Erudio hasn't explained why its decision to disregard Mr D's losses when reaching a usable income figure is fairer than the approach used by his accountant.

Our investigator first contacted Erudio with a request for further comment at the beginning of August 2022 and, in the absence of a response, went on to uphold Mr D's complaint around six weeks later, in mid September 2022. Erudio hasn't responded to the information request or the investigator's view. I'm satisfied it's had reasonable opportunity to do so and provide further comment.

Based on the evidence we have on file, I'm upholding Mr D's complaint. The approach taken by Mr D and his accountant appears reasonable and despite being asked on various occasions to explain why it disagrees, Erudio hasn't responded. In my view, taking all Mr D's sources of income into account when deriving his gross income for deferment purposes is fair and reasonable.

Mr D ultimately made repayments as a result of having his deferment application declined. Given I think Erudio ought to have approved the deferment, I'm telling it to refund Mr D's student loan payment plus interest.

### **My final decision**

My decision is that I uphold Mr D's complaint and direct Erudio to settle as follows:

- Agree and backdate deferment application for 2021
- Refund all payments made during what would've been Mr D's deferment period for 2021 plus 8% interest from the date each payment was received to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 21 November 2022.

Marco Manente  
**Ombudsman**