

The complaint

Mr H has complained that Erudio Student Loans Limited provided poor service, failed to defer his loan when requested and has now defaulted his loan.

What happened

Mr H applied to defer payments in September 2021 which Erudio declined on the basis that he hadn't provided any supporting evidence. Because no subsequent payments were made and no response was received to its arrears letters, Mr H was then sent a notice of default (NOD) on 26 November 2021.

Mr H contacted Erudio in December 2021 asking again for the loan to be deferred. He was sent a new deferment application form (DAF) and advised to re-apply to avoid termination of the account. He was also asked to provide payslips for September, October and November 2021. However, when he returned the form he only included his November 2021 payslip. Erudio chased Mr H for the outstanding payslips but he was adamant that he didn't need to supply more than one. As a result, the deferment wasn't set up and Mr H was sent a further NOD on 1 March 2022 and the account was terminated on 30 March 2022.

Our investigator thought that Erudio had acted reasonably and so did not uphold the complaint. Mr H disagrees with the investigator's opinion and so the complaint has been passed to me for 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.

I've decided not to uphold Mr H's complaint and I'll explain why.

Mr H says he told Erudio on a number of occasions that he had moved. However, he says it failed to update his address which resulted in him not receiving important communication, such as the arrears notices and NODs.

Mr H has more recently provided this service with some evidence that he moved house on 1 August 2021. However, he hasn't provided any evidence that he informed Erudio of this at the time. Erudio says Mr H did not tell it about a change of address and it has provided copies of its system contact notes to confirm this. It wasn't until a phone call on 7 April 2022 that Erudio records Mr H confirming his new address. Although Mr H would disagree, in the absence of any other information, I have no reason to conclude that Erudio's contact records are inaccurate or that it has recorded some contacts and not others.

Although Mr H moved house on 1 August 2021, he still used his old address on the DAF that he submitted on 1 September 2021. And although Mr H mentions in his email of 13 December 2021 that he had moved, he doesn't state his new address in the email. Erudio responds on 16 December 2021 asking him to confirm his current address. I can't see that Mr H responded directly to this request. But when he submitted a new DAF on 21 December

2021, it still contained his old address. Also, the November 2021 payslip that he supplies with the DAF shows his old address.

The NOD sent out on 1 March 2022 and the termination letter sent on 30 March 2022 are addressed to the old address. I appreciate that Mr H had mentioned to Erudio that he had moved by this time. But I can't see that he told them where he had moved to and he had given them contradictory information by using his old address on his DAFs. Also, the evidence suggests that Mr H was previously receiving post sent to his old address – because his email to Erudio in December 2021 is complaining about receiving aggressive letters.

On balance, based on the available evidence, I consider it was reasonable in the circumstances that Erudio continued to send letters to the address it had on file.

Mr H says the deferment should have been set up on the basis of the one payslip that he provided in December 2021 and that Erudio's insistence on three payslips is outside the terms and conditions of his original agreement. But he's also said that he did originally send in three payslips by post but that Erudio probably lost them.

Mr H first took out his loans in 2000 with another company and the loans were taken over by Erudio in 2014.

The original agreement states that a borrower can defer making payments to their loan if they can show:

- i) that your income for the relevant month is not more than the deferment level and*
- ii) if we ask, that your gross average monthly income during the 3 months immediately following the relevant month will not or is unlikely to be more than the deferment level*

Based on the above, the previous company could have asked Mr H to provide more information about his income and the above terms do not set out the type of information that might be requested. Erudio has standardised the information it requests, asking for the previous three months' payslips as an indication of salary for the following months. I consider this to be a reasonable and proportionate request that does not contravene the terms of the original agreement.

Mr H had made a previous complaint in 2014 about the level of information required in support of a DAF. Erudio explained at that time that it had adopted a slightly different approach to the previous company. It said that, whilst the previous company could have asked for additional information at any time during the deferment assessment, it was asking for it up front to avoid any delays. Mr H was therefore aware in 2014 of Erudio's approach to supporting documents for the DAF.

Mr H says he previously complied with the requirement to provide three payslips and had sent these in by post. He completed the December 2021 DAF using an online portal and only uploaded his November 2021 payslip at that time. If, as Mr H says, he had previously been willing to provide three payslips, it's perhaps surprising that he took such a firm stance in relation to his December 2021 application and refused to provide more than one payslip at that time. On 13 January 2022 Erudio advised Mr H that his DAF remained incomplete but it did not hear back from him any further.

Overall, I'm satisfied that Erudio acted reasonably in asking for three payslips and that it explained this to Mr H and allowed him sufficient opportunity to respond. Therefore, Erudio is not at fault for the deferment not being set up.

I do understand that Mr H was experiencing difficulties with his mental health during the period when he was trying to arrange the deferment. But again, although he says that he told Erudio about this, he hasn't been able to provide any evidence of doing so. Erudio says it first heard of this issue after Mr H referred his complaint to this service.

As our investigator has said, if Erudio had known about Mr H's health, it would have likely made adjustments in the form of allowing him more time to complete the deferment application. However, the DAF failed because Mr H declined to provide the extra payslips rather than him not being given enough time to complete the process. So he isn't any worse off as a result of Erudio not taking his medical issues into account.

Mr H says that the account was then cancelled without notice. Erudio did send the regulatory letters that it was required to do. However, as previously mentioned, these were sent to Mr H's old address because he did not provide his new address. He says he didn't receive the NOD although the available evidence suggests that the termination letter was forwarded to him. Regardless of this, I'm satisfied that Mr H was aware of the consequences of not setting up the deferment or making payments. Erudio had made it clear to Mr H in late December 2021 that failure to continue with that year's deferment would result in the deferment being cancelled and the account being terminated. Contact in January 2022 made it clear that the deferment had not been set up.

Mr H says that if he had received the NOD he would have pushed to have the deferment processed. However, knowing that the deferment hadn't been set up, he had the opportunity between December 2021 and March 2022 to prevent the account defaulting by providing additional payslips but he chose not to do so.

Our investigator has set out the circumstances in which Erudio is entitled to terminate the agreement and default the loan. I'm satisfied that Erudio acted fairly in terminating the agreement in March 2022.

Mr H has also said that Erudio has harassed him by sending him aggressive letters. Erudio has sent Mr H a number of standard letters such as arrears notices and NODs. I appreciate that such correspondence would be upsetting for Mr H. But the letters that have been sent are regulatory letters that Erudio is required to send. These contain factual information and are not unnecessarily aggressive or threatening. So I'm unable to conclude that Erudio has harassed Mr H.

More recently Mr H has told us that Erudio has re-started debt collection activities, having originally agreed to suspend it whilst the complaint ran its course, which is further harassment. He is particularly unhappy with the contents of a phone call that took place on 28 October 2022. As our investigator has explained, as this issue did not form part of the original complaint, I will not be addressing it here. Mr H would need to go through Erudio's complaint process initially and then bring a new complaint to us if he is unhappy with the outcome.

My final decision

For the reasons set out above, I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 May 2023.

Carole Clark
Ombudsman