

The complaint

Mrs P complains that Erudio Student Loans Limited terminated her account after she'd sent a deferment application.

What happened

Mrs P has three student loans. She has deferred payment year on year because of low income. Mrs P says she received her deferment application in September 2021 and returned it to Erudio.

When Mrs P called Erudio to check the progress of her deferment application she was unable to get through on the phone. Soon after this, her house was broken into and she had to move out.

When Mrs P moved back into her house, she received letters from Erudio advising her that her account had been terminated and the balance was due in full.

Mrs P complained to Erudio. In response, Erudio said it hadn't received a deferment application and as a result the account had fallen into repayment. Because payments hadn't been made and four months arrears had accrued the account had been terminated.

Mrs P remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said there was no evidence that Erudio had received the deferment application. He also said Erudio had sent several letters to Mrs P reminding her to defer and advising her that the deferment period had ended and that arrears were accruing.

Mrs P didn't agree. She said that when she'd called Erudio to check the progress of her deferment application there was a recorded message advising her to hang up if she was calling about a deferment application. Mrs P said there was no evidence that she'd received any of the letters from Erudio.

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.

Having done so, I'm unable to uphold the complaint. I'll explain why.

Mrs P has said that she returned her deferment application. She's provided some evidence to support this. But she hasn't provided a proof of posting or a proof of delivery. Erudio says it didn't receive a deferment application from Mrs P.

Even if I accept that Mrs P sent the deferment application, there's no evidence that this was received by Erudio. I can't fairly hold Erudio responsible for not receiving and processing the deferment application because of postal issues.

I can see that Mrs P's deferment term expired on 19 September 2021. Erudio says it issued the deferment forms 8 weeks prior to this. It sent reminder letters on 28 August 2021 and 2 September 2021.

Erudio also wrote to Mrs P on 21 September 2021 advising her that the deferment had ended because no application to defer had been received.

Erudio sent a Notice of Sums in Arrears (NOSIA) letter to Mrs P on 21 October 2021 and a NOSIA reminder on 6 November 2021. Mrs P has told this service that she had to move out of her house in mid November 2021. The letters sent to Mrs P prior to her moving out are correctly addressed and I think it's more likely than not that she received these. So I think Mrs P would've been aware, before she moved out, that her deferment had ended and that her account had fallen into arrears.

I haven't seen any evidence to suggest that Mrs P tried to contact Erudio about the letter telling her that the deferment had ended, or about the letter telling her that the account was in arrears. Given the content of these letters, I would've expected Mrs P to contact Erudio and (despite any message telling her to hang up if she was calling about a deferment application) wait on the line to speak to an advisor.

I appreciate that Mrs P tried to call Erudio in October 2021 to check the progress of her deferment application. But as I've already said, Mrs P would've received the letter dated 21 September 2021 by this time, so she would've known that her deferment application hadn't been received.

Mrs P wasn't living at her house when the Default Notice and the Termination Letter was sent. I accept that she may not have received these letters at the time they were sent. However, the letters are correctly addressed to Mrs P and I can't see that she notified Erudio of any temporary change of address, or that she made arrangements for post to be redirected. I can't fairly hold Erudio responsible for Mrs P receiving these letters late, because they were sent to the correct address.

Looking at all of the letters that Erudio sent to Mrs P, I'm satisfied that 9 of the 12 letters were sent before Mrs P moved out of her property. I also think the letters make it clear that the deferment has ended and that no deferment application was received.

Taking everything into account, and because I haven't seen evidence to prove that the deferment application was received by Erudio, I'm unable to uphold the complaint.

I appreciate that this isn't the outcome Mrs P had hoped for. If Mrs P's financial circumstances mean that she can't settle the account, I'd expect Erudio to consider this positively and sympathetically and to agree an affordable repayment plan with Mrs P.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 4 February 2023.

Emma Davy
Ombudsman