

The complaint

Mrs S complains that Erudio Student Loans Limited unfairly terminated her loan agreement.

What happened

Mrs S had student loans with Erudio that were in arrears and subject to deferment. The deferment was due to end towards the end of June 2022. At the end of April 2022 Erudio sent Mrs S a deferment application and asked her to submit it by 24 June 2022. Erudio said that if the deferment application wasn't received before that date repayments would become due.

Mrs S says she completed the deferment application on 30 May 2022 online and provided a copy of her P60 which shows her earnings fell below the repayment threshold. But Erudio says the deferment application was only 80% complete. Erudio hasn't been able to confirm what information remained outstanding but its records show Mrs S accessed its online system on 30 May 2022.

A deferment application reminder was sent to Mrs S on 31 May 2022. Mrs S has explained she thought the reminder had crossed over the deferment application she'd made online the day before.

The deferment period ended on 25 June 2022 and Erudio sent a default notice to Mrs S on 28 June 2022. A termination letter was sent to Mrs S around a month later. The loans were subsequently closed by Erudio and Mrs S lost the ability to defer payments or benefit from an age related right off.

Mrs S complained but Erudio didn't agree it had made any mistakes. An investigator at this service looked at Mrs S' complaint and upheld it. They thought there had been a genuine misunderstanding and Mrs S believed her deferment application had been successfully submitted before the deadline. The investigator asked Erudio to confirm what information was missing from Mrs S' application but it wasn't able to say. The investigator also asked Erudio to provide a copy of its deferment chaser sent on 31 May 2022 but didn't receive a response. The investigator asked Erudio to reinstate Mrs S' loans and process her deferment application.

Erudio asked to appeal and said Mrs S had a history of submitting late deferment applications which had led to historic arrears on her loans. Erudio also said the onus was on Mrs S to ensure she'd successfully completed her deferment application on time and didn't agree to reinstate the loans. As Erudio asked to appeal, Mrs S' case 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to ensure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Mrs S has told us she was aware there were arrears on her student loans which meant it was important that her deferment application was completed on time. The systems evidence on file shows Mrs S accessed Erudio's online system on 30 May 2022, which matches the date she's told us the application was submitted.

Erudio says the application was only 80% complete. But Mrs S disagrees and says she completed the application, providing the required information about her circumstances and finances. Mrs S also says she provided a copy of her P60 as requested by Erudio to verify her income was lower than the threshold required to make repayments. As noted above, our investigator asked Erudio to confirm what information was missing, but it's not been able to say. In my view, if Mrs S had failed to complete the deferment application in full on 30 May 2022 she should've reasonably expected Erudio to notify her of the missing details. But I haven't seen any evidence that shows it did that.

Erudio says it sent Mrs S a follow up on 31 May 2022. The investigator asked Erudio to provide a copy of the chaser it sent to Mrs S on 31 May 2022 but no copy has been provided. So we don't know what Erudio said after the application was submitted. And I'm satisfied Mrs S was of the view that her deferment application had been submitted and the necessary information provided. I agree with the investigator that if Mrs S had been made fully aware of the missing information she would've provided it by the due date. And I think it's more likely than not that Mrs S' application would've been reviewed in time for the end of her deferment period the following month.

I've considered all the available evidence. In my view, the fairest way to resolve Mrs S' complaint is for Erudio to reinstate her loans and arrange to complete the deferment application and, if successful, apply the deferment from the end of the previous deferment period. If Erudio has recorded adverse information on Mrs S' credit file, it should remove it.

My final decision

My decision is that I uphold Mrs S' complaint and direct Erudio Student Loans Limited to settle as follows:

- Reinstate Mrs S' student loans (or make arrangements for them to be treated as if they have been reinstated) and apply the original terms and conditions going forward
- Process a deferment application for Mrs S to cover the period from the end of her previous deferment. If successful, Erudio should backdate the deferment
- Remove any adverse information recorded on Mrs S' credit file

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 21 March 2023.

Marco Manente
Ombudsman