

The complaint

Ms C complains she was given the wrong information by Link Financial Outsourcing Limited trading as Honours Student Loans in relation to when her student loans can be written off.

What happened

In 1997 and 1998 Ms C took out two student loans via the Student Loans Company (SLC). In 2003 and 2004 Ms C took out further student loans. HSL later took over administration of the loans Ms C had taken out in 1997 and 1998 from SLC. The other student loans were transferred to another business to run.

Ms C has explained that over the years she's contacted HSL on several occasions to check deferment thresholds and ask about when her loans would be eligible to be written off. Ms C's explained that she was told the loans would be written off 25 years after they had been taken out which would be 2023.

In November 2022 Ms C called HSL to discuss her loans. During one of the calls, an HSL agent incorrectly advised the loans it held in Ms C's name would be eligible to be written off in 2023. But it later came to light that information was wrong. Ms C went on to raise a complaint.

HSL issued two final responses to Ms C's complaint. HSL confirmed the two loans it administers were "Mortgage Style" loans with a 60 month term. HSL quoted Section 8 of the SLC loan agreement which said:

The present regulations provide for (a) cancellation of repayments if you die and (b) cancellation of repayments (so long as you are not in breach of any obligation to us) if (i) you are aged under forty when you last enter an agreement to borrow from us and you attain age fifty or all or part of your last borrowing from us has been outstanding for at least twenty five years or (ii) you are aged at least forty when you last enter an agreement to borrow from us and you attain age sixty.

HSL said the agent had given the wrong information about the date Ms C would qualify for a write off as they'd mistaken the type of loans she holds the other student loan administrator. In HSL's follow up final response it said Ms C's loans would qualify for a write off 25 years after the last student loan she took out in 2004 and gave a date of 5 April 2029. But HSL explained the current maturity date for the two loans it administers is 1 April 2027 which would mean, unless Ms C deferred payments, her loans would be repaid before she qualified for a write off. HSL offered Ms C £80 for the distress and inconvenience caused or a payment of £110.70 applied to the loan balance, representing a one month payment holiday. HSL also sent Ms C copies of her original signed loan agreements and clearer template versions.

Ms C referred her complaint to this service and it was passed to an investigator. Within its file submission HSL said it wanted to increase its offer to £150 to reflect a delay in sending Ms C call recordings she requested. The investigator thought HSL's increased offer was a fair way to resolve Ms C's complaint. Ms C asked to appeal and said HSL had been unable

to give her readable copies of her original loan agreements. Ms C also said she'd made financial decisions based on the advice given by HSL and asked for the loans to be written off. As Ms C asked to appeal, her 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.

In response to the investigator Ms C explained HSL hasn't supplied legible copies of her signed loan agreements. I appreciate that's the case. But HSL has explained that, due to the passage of time, the signed copies it holds for Ms C are not as clear as it would like. To allow Ms C to read the actual terms set out in the loan agreements it has provided templated copies instead. I understand why Ms C wants to see a legible signed copy, but I'm satisfied the templates provided are accurate and do contain the relevant terms that were included in the original. And the rules HSL operates under do make provision for businesses to provide a template, or reconstituted, copy of a loan agreement where the original is no longer legible or available. I'm satisfied HSL has provided reasonable template versions and copies of the available loan agreements.

HSL has provided copies of the calls Ms C had in November 2022. I agree that some of the information provided was confused and ultimately incorrect. But I think that reflects the agent's confusion over the sorts of student loans Ms C has with the other business that administers them. Ms C has also told us she was given similar advice before when she contacted HSL about whether she would qualify for a write off. I appreciate the information provided was not right and Ms C's told us she's made financial decisions based on what she was told. I've taken Ms C's comments into account when deciding how to fairly resolve her complaint.

Whilst I accept Ms C was given the wrong information over the phone, I'm satisfied the terms of the student loans that are administered by HSL are clear. They confirm the balance is eligible to be written off 25 years from the last borrowing point with SLC. HSL has provided evidence it obtained from SLC that shows the last student loan Ms C obtained was in April 2004. And 25 years from that date means Ms C will be eligible for a balance write off in April 2029, if the HSL loans remain outstanding. But HSL's pointed out Ms C's loans will reach maturity with the final repayment being due in April 2027 unless she defers repayments. I'm satisfied HSL has confirmed the correct position, how the student loan terms impact Ms C and the circumstances under which she may be eligible for a write off.

I don't doubt that the information provided by HSL last year and service provided has caused Ms C some inconvenience and concern. But I'm satisfied HSL's offer of £150 reflects the level of distress and inconvenience caused to Ms C and is a fair and reasonable way to resolve her complaint. To put it another way, £150 is very much in line with what I would've told HSL to pay had no offer been made. As I'm satisfied HSL has already made an offer that is fair and reasonable in all the circumstances, I'm not telling it to take any further action.

My final decision

My decision is that Link Outsourcing Limited trading as Honours Student Loans should pay Ms C £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 20 July 2023.

Marco Manente

Ombudsman