

The complaint

Mr P complains that Erudio Student Loans Limited unfairly terminated his student loans.

What happened

Mr P had two student loans with Erudio that were taken out in 1997 and successfully applied for deferments from repayments. Mr P has explained that since 2015 Erudio sent him email reminders in advance of his deferment periods coming to an end, asking him to complete a new application. But in 2021, Erudio says it stopped sending emails of this nature.

Erudio says it sent Mr P various letters and correspondence in respect of his student loan deferment. On 25 April 2021, Erudio sent Mr P a letter including a deferment application form (DAF). On 22 May 2021 Erudio sent Mr P a reminder and on 22 June 2021 Erudio issued a letter advising the deferment period had ended and that monthly payments of £94.02 would become due from 20 July 2021.

In July 2021, when no deferment application was received and no payment made, Erudio issued an arrears letter. In August 2021 another arrears letter was issued. Mr P has told us he didn't receive any of the above letters sent by Erudio.

In September 2021 Erudio issued an annual statement to Mr P, which he's confirmed was received.

Erudio issued a default notice to Mr P's address on 4 September 2021 and, when no contact was received, a termination letter on 22 October 2021. On 2 November 2021 Erudio issued a letter confirming the account had been terminated and closed. As a result, Mr P lost the ability to complete further deferments and his student loans were no longer eligible to be written off.

A third party business I'll call C was appointed to collect the outstanding balance and contacted Mr P. Mr P went on to raise a complaint with Erudio and said he hadn't received an email as normal to advise he needed to complete a new deferment application. Mr P also explained he hadn't received any of Erudio's letters, except the annual statement it sent that didn't make the status of his account clear.

Erudio issued a final response on 15 November 2022 but didn't agree it had made mistakes with Mr P's loans. Erudio said it had issued the relevant notices to let Mr P know the status of his account. Erudio said that once the account was terminated and no repayment plan was in existence it had the option of referring the debt to a third party business to collect which is why it had appointed C. Erudio also said that since the loans had been terminated, they were no longer eligible to be written off after 25 years or when Mr P reached 50.

An investigator at this service looked at Mr P's complaint. They thought Erudio had dealt with Mr P's case fairly and didn't uphold his case. Mr P asked to appeal and reiterated that Erudio had failed to send its normal email in advance of the end of his deferment in June 2021. Mr P also explained no post had been received and suggested Erudio hadn't sent the letters it claims to have issued. Mr P added that Erudio's claim it had to send some letters by post

was shown to be wrong on the basis it had issued its final response via email. As Mr P asked to appeal, his 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.

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 assure 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.

Mr P has made various submissions concerning how he's previously corresponded with Erudio in relation to his deferment applications. Mr P says for six years Erudio emailed him in advance of the end of his deferment period to remind him to apply for another. But Erudio accepts that in 2021 it didn't email Mr P and says, instead, it wrote to him.

I appreciate that's a change in practice. But I've looked at the credit agreement and associated terms and conditions and there's no reference to the lender being obliged to send email reminders before the end of a deferment period. What the terms say is that deferment applications can be made annually on the basis of an applicant's income. The credit agreement adds that a deferment will last for 12 months from the date advised, once approved. I also note that section 10 of the credit agreement says any notices, demands and statements will be sent to the last known address. So whilst I understand Erudio had previously sent emails before the end of the deferment period, the credit agreement didn't specifically require it to do so but did say letters would be issued.

I've considered whether it was fair for Erudio to stop sending the email without first telling Mr P. But I think Erudio makes a reasonable point when it says it issued the reminders (and follow up collections letters) to Mr P by post at his registered address. Whilst Erudio didn't send the email it had previously issued, it did take other steps that were in line with the loan agreement's terms.

Mr P has given us a number of scenarios in terms of whether the letters were sent by Erudio. But I've seen copies of all the letters Erudio says it sent and I'm satisfied they were issued as claimed. I appreciate Mr P may feel something underhand has occurred, but I've not found evidence to support that. I'm satisfied Erudio has provided the relevant copies and that they're all correctly addressed, in line with the records we hold.

Mr P has told us the letters Erudio says it issued both before and after the termination of his student loans weren't received. But Erudio has provided copies of its correspondence and systems information that show they were sent. Where the circumstances of a complaint are disputed by the parties involved I'll make my decision based on the available evidence and balance of probabilities. That is what I consider to have most likely occurred based on all the available information.

In this case, both parties dispute whether deferment and arrears correspondence was provided. I appreciate Mr P's point that the letters weren't received. But I'm satisfied the information on file shows Erudio did send Mr P letters that asked him to complete a deferment application as well as information to let him know his account had fallen behind and was later terminated. Having reviewed the relevant correspondence, I think it's more

likely than not that correspondence was received by Mr P. I haven't been persuaded that Erudio made errors in terms of the correspondence it issued to Mr P.

I also think it's fair to note that Mr P had completed the deferment process on various occasions and appears to have a good understanding of the process. I think Mr P would've been aware of the requirement to complete an annual deferment application, with his deferment period ending in June each year. So when no deferment email reminder was received, Mr P had the option of contacting Erudio directly to check whether his deferment arrangements remained in place. But despite the deferment ending in June 2021, there's no evidence of any contact from Mr P until his loan was passed to C to collect.

I'm sorry to disappoint Mr P but I haven't been persuaded that Erudio made any errors in terms of the way it communicated with him prior to the end of his existing deferment period in 2021. And as no deferment was approved and no payments made, I'm satisfied Erudio had reasonable grounds to terminate the loans, in line with the credit agreement. I appreciate Mr P was close to the point he would've been able to apply for a write off but as the loans were correctly terminated I'm unable to say Erudio has acted unfairly.

Erudio has explained its agent, C, was appointed to collect the outstanding balance. I can see that a firm of solicitors, D, has also been instructed to attempt collection from Mr P. I understand my decision is likely to come as a disappointment to Mr P. But as I'm satisfied Erudio followed the right process and I'm not telling it to reinstate his loans, he now has the option of engaging with the third parties appointed. I would expect any repayment plan that is agreed to be affordable and suitable for Mr P's circumstances.

I'd like to reiterate that I've read and considered all the points raised by Mr P as well as all the information on file. Having done so, I'm satisfied Erudio fairly took the decision to terminate Mr P's loans after the deferment period ended in 2021. I'm sorry to disappoint Mr P but I haven't been persuaded to uphold his complaint.

My final decision

My decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 September 2023.

Marco Manente
Ombudsman