

## **The complaint**

Ms C complains that Erudio Student Loans Limited unfairly terminated her loan account which means she's no longer eligible for deferment or to have the balance written off.

## **What happened**

Ms C took three loans with the Student Loan Company between 1994 and 1997. The loans are administered by Erudio. Ms C lives abroad and has her address, email address and phone number registered with Erudio.

Ms C's explained that she has successfully completed regular deferment applications each year. Ms C adds that since 2018 she has completed the deferment process online after receiving email reminders from Erudio. Erudio issued email reminders to Ms C to complete the deferment application since 2017. In the summer of 2020 Erudio sent an email reminder to complete the deferment application to Ms C. The deferment application was subsequently approved, ending in September 2021.

Erudio has explained that in 2021 it stopped sending email reminders to customers but continued to issue deferment correspondence by letter. Erudio wrote to Ms C in July and August 2021 to remind her to complete a deferment application. When no deferment application was received by the end of the existing period payments became due. Erudio then sent arrears letters to Ms C in the post. A default notice was issued on 23 December 2021 and a termination notice was sent on 21 January 2022 when no contact was received. The loans were terminated by Erudio which meant the full balance became due and Ms C no longer qualified for deferment or write off after 25 years.

Ms C has explained that she didn't receive any letters from Erudio from the summer of 2021 onwards. And Ms C has explained that she had become accustomed to annual email requests for a deferment application to be sent by Erudio. Ms C says that as no email or letter reminders to complete the deferment application were received she didn't realise action was required.

Ms C adds that the first time she became aware of the issue was when she was contacted by a firm of debt collectors I'll refer to as C to try and collect the outstanding balance. At that point, Ms C was made aware of what had happened and went on to raise a complaint.

Erudio issued a final response on 12 May 2023 but didn't agree it had made mistakes in terms of the deferment process used in 2021. Erudio offered Ms C £25 for previously giving an incorrect termination date to Ms C.

An investigator at this service upheld Ms C's complaint. They agreed that Ms C had reasonably expected Erudio to email her with a deferment reminder as it had done between 2017 and 2020. The investigator highlighted that Ms C lives abroad and confirmed she has experienced problems receiving post. The investigator asked Erudio to reinstate Ms C's loan and assess whether she was eligible for deferment based on her income at the time.

Erudio didn't agree and said it's not obliged to send emails with deferment reminders. Erudio

added that it supplied evidence it had written to Ms C's address in 2021 before terminating her student loans. Erudio also said it had left an answerphone message for Ms C but no response was received. As Erudio asked to appeal, Ms C'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 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.

I agree with the investigator that in the circumstances of Ms C's case, she's been treated unfairly by Erudio. I'll explain why. I think Ms C makes a reasonable point in that she lives abroad and that post from the UK isn't always reliably received. Ms C's explained that, as a result, she had become somewhat reliant on the reminder emails Erudio sent to her each year to complete the deferment application. So I can understand why Ms C is confused and disappointed that Erudio took the decision to stop sending email reminders to customers who use its online system. And that the decision was taken without first advising customers the email reminders were being withdrawn.

I've looked at the correspondence Erudio sent to Ms C. Whilst Erudio hasn't provided direct copies of all its letters, it has provided a copy of its final response. I note the address used on the final response, whilst correct in part, lacks important details. The street address, town and name of another local town is provided along with a postcode. But the county and country in which Ms C lives are both missing from the address Erudio seems to have used. Given Erudio knows Ms C lives abroad and the country of her residence, I'd expect that to be included in the address it writes to.

I accept that Erudio did write to Ms C as claimed. But I'm also satisfied that Ms C's been honest when she says Erudio's deferment reminders, arrears letters, default notice and termination letter weren't received. Like the investigator, I think an email reminder to Ms C in 2021, before the end of her existing deferment period, would've been the fairest approach for her. Alternatively, notification that email reminders were being withdrawn would've put Ms C on notice not to expect one. Whilst I understand Erudio is free to decide how it operates and communicates with customers, I'm satisfied its decision not to email Ms C with a deferment reminder in 2021 has unfairly impacted her. And I'm satisfied that if Ms C had received an email of that nature, she would've made the deferment application online as she'd done previously.

In its submissions Erudio has provided a screen shot that it says shows a message was left for Ms C to call on 15 November 2021. Ms C has confirmed she has no recollection of receiving this answerphone message from Erudio. And whilst I accept the call may have been made as claimed, I haven't been persuaded that it was sufficient to show the loans were fairly defaulted and terminated. The account remained in arrears for several months before it was closed. I think Erudio could've done more than leave a single answerphone message in addition to sending letters to Ms C in the circumstances.

The investigator recommended that Erudio reinstate Ms C's loan accounts and allow her to complete a deferment application for 2021. I think it's a fair approach in terms of how to settle Ms C's case. I'm aware that two further years have now passed during which Ms C would've been able to apply for further deferments. So Erudio will need to ensure deferment applications are retrospectively completed to ensure subsequent years are covered and assessed. If Erudio has recorded any adverse information on Ms C's credit file, it should remove it as well.

### **My final decision**

My decision is that I uphold Ms C's complaint and direct Erudio Student Loans Limited to settle as follows:

- Erudio to reinstate Ms C's loans
- Erudio to rewind the loans, removing arrears accumulated from the end of the deferment period in 2021
- Erudio to allow Ms C to retrospectively apply for deferments for 2021, 2022 and 2023
- If successful, Erudio should confirm this to Ms C and administer her loans accordingly
- If the deferment applications aren't approved, Erudio should allow Ms C to make repayments to the loans in line with the original loan agreements
- Erudio to remove any adverse information recorded on Ms C's credit file

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 29 November 2023.

Marco Manente  
**Ombudsman**