

The complaint

Mr S complains that Erudio Student Loans Limited unfairly terminated his student loan account.

Mr S wants Erudio to reinstate his loans.

What happened

Mr S had mortgage style student loans which Erudio bought from the original lender. Mr S had successfully deferred repayment of the loans for several years. Mr S says that he returned a completed deferment application by post in 2023. Erudio has no record of receiving the application so the deferment ended in June 2023. After sending Mr S a notice of arrears and then a notice of default, it terminated the loan accounts and asked for payment in full.

Mr S explains that he lives in a flat with one communal entrance through which post arrives. Mr S says that post frequently gets lost. Mr S says that Erudio's actions are in breach of his human rights. He has found the experience stressful and it has impacted his health.

Erudio told Mr S that it terminated his account about seven months after the deferment window opened. It said that if Mr S had contacted Erudio at any point and explained his personal circumstances, it would have tried to help him.

Erudio said that once it has terminated an account, it would only reinstate the account if it had made a mistake or ill health had prevented its customer from managing their account.

Erudio noted that Mr S has a communal mailbox which means he does not always receive every item of post. But it said it was Mr S's responsibility to ensure that he could access letters that it sent to him.

Erudio said it would look to agree an affordable repayment plan and extended the hold on Mr S's account. Erudio explained that post remains the primary method of contact. But if Mr S has difficulties accessing post sent to his home address, it could use an alternative 'care of' address. Otherwise, it would be Mr S's responsibility to make sure he was aware of the status of his account.

Our investigator didn't uphold Mr S's complaint. She noted that Erudio sent two SMS text messages to Mr S in April 2023 to remind him that his deferment period was coming to end. And Erudio sent seven letters before it terminated his account.

Our investigator didn't hold Erudio responsible for the fact that it didn't receive Mr S's completed deferment application in the post. She acknowledged that Mr S was under a great deal of personal stress with ill health and bereavements within his family. But our investigator thought it reasonable to have expected Mr S to check that the deferment application had been successful.

Our investigator explained that she could not consider a complaint about a breach of Mr S's

human rights as this would be a matter for the courts to decide.

Mr S is unhappy with the investigation outcome. He thought that by referring to what an average person might do in his situation, our investigator had not appreciated the burden that an average person might be under when their health was deteriorating, they had lost family members and were dealing with the cost of living crisis. Mr S pointed out that this made it difficult to prioritise the deferment of his student loans.

Mr S says that he didn't receive the SMS texts and thinks that in this day and age, it should be possible to retrieve evidence that these were sent and received.

Mr S is unhappy that our investigator has not dealt with other issues mentioned as part of his complaint. So, he wants an ombudsman to consider things in a more holistic way.

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.

Although I may not comment on each and every point that Mr S has raised, this doesn't mean I have not read and considered everything he's provided. Instead, I have focussed on what I consider to be the key points. This is not intended as a discourtesy – it simply reflects the informal nature of this service.

Although Mr S says he sent the deferment application by post, Erudio never received this. I am satisfied that Erudio wrote to Mr S to tell him that his deferment had ended. And it followed this up with two letters about the arrears and a notice of default. Although Mr S doesn't recall receiving these letters and suggests they may have become lost at his address, I can't fairly blame Erudio for this.

I appreciate that Mr S has been through some very tough times and can understand how this might impact the way that he prioritises things in his life. I do not wish to be in any way disrespectful or insensitive but I am also aware of how important the deferment of these loans was to Mr S. This is shown by the fact that in previous years, he had been in contact with Erudio about the deferment of the loans and had been able to make the applications online. So, although things were difficult for Mr S, I still think it reasonable to have expected him to follow up on the deferment application in 2023.

Although Mr S would like evidence that the texts Erudio says it sent were received, I don't think this would change the outcome. I say this as Erudio sent the texts to remind Mr S that his existing deferment period was ending in June 2023. As Mr S says he completed and returned the deferment application, it wouldn't have made a difference whether he had received the reminder texts or not.

Mr S has told us of certain health conditions he has but I can't see that he mentioned these to Erudio when he complained. However, as Mr S says he returned a completed deferment application, I am not persuaded that the conditions he mentioned prevented him from dealing with the deferment. So, I don't consider Erudio should have reversed its decision to terminate his loans due to ill health.

I appreciate that Mr S has found the termination of the loans stressful and this has caused his health and wellbeing to deteriorate. There are free organisations offering help with debt which Mr S can speak to. If he wants Erudio to take account of any health problems going forward, I suggest that Mr S speaks with Erudio to find out what evidence it would require from him.

Our investigator has already told Mr S that we can't decide whether the termination of the loans or Erudio's treatment of him is in breach of human rights legislation. This would be something that Mr S would have to address to the courts. My decision focusses on whether it was reasonable for Erudio to terminate his loans and request repayment. For the reasons I have set out above, I don't consider Erudio acted unfairly, so I don't require it to take any steps in response to Mr S's complaint.

My final decision

My final decision is that I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 October 2024.

Gemma Bowen
Ombudsman