

## **The complaint**

Mr R complains that Erudio Student Loans Limited (Erudio) unfairly refused to defer his student loans.

## **What happened**

Mr R had mortgage-style student loans which Erudio bought from the original lender. Mr R says that he has deferred repayment of his student loans for many years and that Erudio previously accepted his self-assessment tax return as evidence that he doesn't meet the income threshold.

Mr R is unhappy that when he first applied to defer repayment of his student loan in May 2021, Erudio rejected his application but did not explain why. Mr R says that Erudio asked him to send various pieces of information including evidence of benefits when he is not in receipt of benefits.

Mr R says that Erudio told him that it could not access the file that he sent as it was password protected but it waited until later in September 2021 to tell him this, which further delayed things. Mr R says he applied to defer again but received no response. Instead, Erudio passed his information to a third party debt collector which then obtained a County Court Judgment (CCJ) after he didn't respond to court action as it was sent to his previous address.

Erudio didn't uphold Mr R's complaint. It said it received the deferment application in July 2021 and processed it on 15 August 2021, within its standard timescale. Erudio said that Mr R's application was possibly rejected due to a technical issue as the document was password protected. So, it emailed Mr R to ask him to supply the information required.

Erudio said that although it would have agreed to Mr R supplying additional evidence in early October 2021, he did not provide it. Erudio said that Mr R had declared income from employment and benefits.

Erudio terminated Mr R's account in November 2021. It explained that this meant Mr R had lost the right to further deferment.

Although our investigator didn't think Erudio was wrong to refuse the deferment, he upheld Mr R's complaint on the basis the information Erudio gave as part of the process was not clear and there were delays. Our investigator asked Erudio to pay £100 compensation.

Mr R disagreed with the investigation outcome. He said his accountant confirms that his tax return should be accepted as evidence of his income, dividends, pay and rental income – as it has been for the last 20 years. Mr R didn't think that Erudio has even looked at and considered his tax return. He didn't see why he should need to supply personal information like a bank statement. Mr R said that he emailed Erudio to say that he didn't receive any benefits.

Erudio disagreed with the investigation outcome. It said that it dealt with the deferment

application within the advised 28 day period.

Our investigator told Erudio that he thought it caused some confusion and did not explain to Mr R why it needed evidence of his income rather than just the tax return as it had accepted in previous years. Our investigator also thought there was a gap in correspondence between 15 August 2021 and 20 September 2021 when Erudio said it could not open the file.

Our investigator went back to Mr R to say that when a deferment application is not 'auto-accepted' a tax return alone is not acceptable evidence of income. He said he had not seen evidence of Mr R supplying the supporting information that Erudio requested.

Our investigator asked Mr R why he didn't supply bank statements when Erudio asked for them. Mr R explained the history of his contact with Erudio and said that he asked why bank statements were necessary as it had previously accepted his tax returns but didn't receive a reply. Mr R said that he provided the password to open his tax return by email on 6 October 2021. He could see that Erudio opened the email on 18 October 2021, so it would then have been able to view his tax return. Mr R said that Erudio didn't confirm that it had looked at his tax return and instead just rejected it.

As both Mr R and Erudio disagree with the investigation outcome, the complaint has come to me to make a final 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 am aware that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern our service allow me to take this approach. But this does not mean I have not considered everything the parties have given to us.

I am grateful to Mr R for his clarification that he does not want us to deal with any concerns relating to the CCJ as he has resolved this aspect himself. So, my decision focusses on whether it was unfair of Erudio to refuse his deferment application. I am sorry to disappoint Mr R but although I agree that Erudio could have been clearer at times, I don't consider it was unreasonable to decline his deferment application and will explain why.

Although Mr R says that he applied to defer the loans in May 2021, the evidence supplied by Erudio shows that it received his application in July 2021. Erudio then wrote to Mr R on 15 August 2021 explaining what further information it needed to process his application. I appreciate Mr R's comment that at this point Erudio had not been able to open his tax return, so it asked for evidence of his income, dividends, and benefits when it could have found this in his tax return. But I don't think this means it was wrong for Erudio to ask for supporting information on this occasion. Erudio's website says that where appropriate it will ask a customer to verify certain information. And the deferment application form contains details of the documents needed, which include evidence of state benefits.

Erudio has supplied details of the information which Mr R submitted as part of his deferment application in July 2021. These included earnings from employment, state benefits and income from savings and investments. Although Mr R had explained to Erudio in 2015 that he didn't receive payslips as he is director of his own company, I don't think this means that Erudio was wrong to ask for this information some years later.

I appreciate that Mr R says there was evidence of not being in receipt of benefits on his tax

return but as he referred to receiving benefits on his deferment application in 2021 – and in previous years - I don't think it was unreasonable for Erudio to ask for further evidence of this.

Mr R told our investigator that he had previously received benefits but had been told by his accountant that he was not entitled to this due to his country of residence at the time. If this were the case, I would have reasonably expected Mr R to supply some evidence to Erudio. Instead, he referred back to his tax return for confirmation that there are no benefits payable to him. Given that Mr R had previously included income from benefits on his deferment application and did so again when he applied for deferment in May 2021, I don't consider it was unreasonable for Erudio to have asked for further evidence over and above his tax return.

Erudio has sent us a copy of the email that it sent to Mr R on 18 October 2021 in which it told him that his deferment application had been rejected as it had been incomplete for more than 60 days. However, the same email also said that he could apply again for deferment. Mr R emailed Erudio at 4:45 pm on the same day to say that he could see it had opened his tax return which would show all the information it had requested - dividends, PAYE income, rental income, and confirmation that there are no benefits payable to him. But by this time, Erudio had already said that it had received his tax return and would still require payslips and a full month's bank statement showing his income including any benefits.

I'm not persuaded that it was reasonable to expect Erudio to keep going back to Mr R and repeating its request to see bank statements. I appreciate that Mr R didn't think it necessary to supply bank statements but as Erudio asked to see them, I think it was fair to expect him to provide them.

I don't have evidence to suggest that Mr R applied again for deferment after he received Erudio's email of 18 October 2021. Or that he supplied the evidence Erudio had requested. So, I don't think Erudio unreasonably or unfairly defaulted his account. This means I don't consider Erudio needs to reinstate the account or return his loans to a position of deferment.

I agree with our investigator that Erudio could have been clearer in its communication than it was. When Erudio first received Mr R's application, it could not open the file that he'd attached but then delayed asking for further evidence. Once Mr R gave Erudio the password to open his tax return, it still required further evidence but could have given a better explanation of why this was the case. For this inconvenience, I consider an award of £100 compensation is fair,

### **My final decision**

My final decision is that I uphold this complaint and direct Erudio Student Loans Limited to pay Mr R £100 in full and final settlement of his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 October 2024.

Gemma Bowen  
**Ombudsman**