

The complaint

Miss M complains that Erudio Student Loans Limited unfairly terminated her student loans after writing to her at an address she no longer lives at.

What happened

Miss M had three mortgage-style student loans which Erudio bought from the original lender. Miss M had successfully deferred repayment of the student loans for several years. But after Erudio wrote to Miss M in early 2021 to remind her about the deferment, it didn't receive any response.

As Erudio didn't receive an application to defer, it ended the deferment period and asked Miss M to start repaying the student loans. After not hearing anything, Erudio placed the account with a debt collection agency

Erudio didn't agree that it had made a mistake. It said it sent the deferment application form to Miss M at the address it held on file. Nothing was returned as undelivered and it sent further reminders by post.

Erudio said that it had also sent deferment reminders by SMS texts and had no record of a call from Miss M in April 2021.

Miss M explained her personal circumstances around the time of the deferment to Erudio. It considered these but decided there weren't grounds to reverse the termination of her account.

Our investigator didn't uphold the complaint. He noted that Miss M was unhappy that Erudio didn't send emails or contact her by text message but explained that the primary method of contact was by post. Our investigator also pointed out that Erudio's systems show that it sent SMS text reminders in February and March 2021.

Our investigator thought that it was Miss M's responsibility to update her contact details with Erudio. Although she said she did this in April 2021, Erudio had no record of contact and nobody had entered her account around that time. Our investigator said that if Miss M had evidence of the call, such as a phone bill, he would consider it further.

Our investigator was satisfied that Erudio followed its processes correctly when it terminated Miss M's loans. He understood that Miss M's personal circumstances were difficult in late 2020/early 2021 but thought that Erudio acted fairly by sending letters and waiting several months to terminate her account. So, he didn't ask Erudio to reverse the decision to terminate.

Miss M was unhappy with the investigation outcome. She supplied several emails that Erudio had sent her about earlier deferments. Miss M said she had come to rely on email contact to remind her to defer. Miss M said that in 2020, she updated her address details at the same time as deferring online.

Miss M said that if she had received an email reminder in 2021, she would have applied to defer repayment of the loans as she had done in previous years.

Our investigator sent a second view to Miss M in which he said that Erudio was not obliged to send deferment notifications by email. He thought it had fulfilled its obligation under the terms of the agreement when it sent deferment reminder letters by post in March and April 2021.

Our investigator noted that Miss M says she didn't receive the SMS texts but she was unhappy that Erudio appeared to have sent them late at night. Our investigator didn't think sending them late at night would have prevented Miss M from becoming aware of the deferment if she had received the texts.

Our investigator sent Miss M a call recording from February 2023 in which she told Erudio that she had not attempted to contact it previously to update her address. He appreciated that Miss M thought she may not have been able to get through to Erudio back in early 2021. As our investigator thought it was Miss M's responsibility to update her address with Erudio, he didn't think it had acted unfairly when it terminated her loans after giving notice and time to respond.

As Miss M doesn't agree 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 realise that I have summarised this complaint in less detail than the parties and I have done so using my own words. The rules that govern our service allow me to take this approach but it does not mean I have not considered everything the parties have given to us.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is more likely than not to have happened in light of the available evidence and wider circumstances.

My role is to consider whether Erudio acted unfairly when it terminated Miss M's account and passed the loans to a third party to collect. I am sorry to say that I don't consider it has – I will explain why.

Before Miss M's period of deferment was due to end in May 2021, Erudio sent two letters and two text reminders. The letters were sent to Miss M at the address Erudio held on file and the texts were sent to the mobile number she still holds. I appreciate Miss M says she didn't receive the letters due to having moved address but I don't find it was unreasonable for Erudio to use the address it held on file.

When Miss M complained to our service, she said she had called Erudio to update her address earlier in 2021. However, I have listened to a recording of a call that Miss M had with Erudio in early 2023. During the call Miss M is understandably unhappy to have discovered that her loans had been terminated but seems certain that she had not told Erudio about her change of address in 2021. I appreciate that it had been a busy time for Miss M with changes in personal circumstances and the impact of the Covid pandemic, so she may not have recalled events and timings accurately. But Erudio has no record of Miss M making contact in early 2021 to update her address. Given what she said to Erudio in 2023, I find it more likely than not that Miss M didn't update her address around the time of

the deferment.

Miss M has since supplied some screenshots of social media posts in 2021 from people having difficulties contacting Erudio and suggests that she may have tried but failed to contact them at the time. If this were true, I think it indicates that Miss M was aware of the need to update her address as part of the deferment process. So, if Miss M had tried and failed to contact Erudio, I would have reasonably expected her to either try a different method or access her account to update her address online. As I don't have evidence to suggest that Miss M took either of these steps, I don't consider Erudio was wrong to keep using the address it already held for her.

I know Miss M feels strongly that Erudio should have contacted her by email or text message but it's not this service's role to tell a business what communication method to use. This is a commercial decision and the terms of the loan agreements provide that notices, demands and statements will be sent to the customer at their last known address. However, Erudio has supplied evidence that it sent Miss M text message reminders in early 2021. I appreciate Miss M says she didn't receive these but I don't think this means Erudio didn't send them.

As Erudio didn't receive an application to defer, I can't find it was wrong to terminate Miss M's account several months later, after following the correct process to default her loans.

I have considered whether Erudio responded fairly once Miss M explained her personal circumstances in support of her request to reverse the termination of her loans. I won't repeat the details she gave but I haven't seen anything to suggest that Miss M was prevented from contacting Erudio about her deferment before her account was terminated. This is not intended to downplay the impact of some of the life events on Miss M but I can't say that Erudio's decision not to reverse the termination was made unfairly.

Erudio has told Miss M that as a gesture of goodwill it has recalled the loans to deal with in-house and has removed any legal fees. I appreciate that this is not the outcome Miss M would like but I think Erudio has acted fairly by agreeing to do this.

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 Miss M to accept or reject my decision before 10 October 2024.

Gemma Bowen
Ombudsman