

The complaint

Miss L complains Erudio Student Loans Limited didn't contact her using an appropriate method so she could apply for a deferment on her student loan.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

Miss L lives abroad. She says on 23 October 2023 she received two letters dated 22 August 2023 telling her she was in default with her student loan by £758.80. Miss L says she received nothing by post or email telling her it was time for her to submit another deferment application.

Erudio said following Miss L's deferment ending on 14 February 2023, they'd written to her on:

- *14 February 2023 – deferment expired letter*
- *16 March 2023 – notice of sums in arrears*
- *30 March 2023 – collections arrears letters*
- *15 May 2023 – notice of default*

They said they'd written to her postal address, and it's not their process to email – so they hadn't done anything wrong.

Unhappy with this Miss L asked us to look into things, saying Erudio know she lives abroad, and used the lowest priority post they could, so as to ensure she didn't defer in time.

One of our Investigators considered things, but overall felt Erudio had acted correctly and in line with the terms and conditions of processing this kind of loan – so didn't ask them to take any action.

Miss L said Erudio are the only company who use post in 2024, and she can only infer the reason why. She also added her address had spaces instead of certain foreign characters and may have caused further delay. As Miss L didn't agree, the complaint's been passed to me to decide.

I'm aware Miss L also referred a matter to our service about issues in 2022 – but our service has already decided we can't consider those – so I won't comment on them further.

What I've provisionally 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 think it's helpful to explain I'm required to decide complaints based on what I think is fair and reasonable – rather than strictly adhering to what a business is or isn't required to do.

Here, our Investigator said Erudio followed the rules, so didn't need to do anything further.

In Miss L's case though, I'm not satisfied Erudio following the rules has meant they've treated her fairly and reasonably.

Erudio have provided evidence of contacting Miss L by post only. Miss L lives abroad, so contacting someone abroad by post only leaves a significant risk of the time sensitive post they're sending being delayed or lost – as is what seemingly happened in Miss L's case.

In addition, the letters Erudio sent to Miss L have missing characters, and the address is in a different order, than what she's provided to our service and from what I can see Erudio have on their system. Miss L has said this contributed significantly to the delays in her receiving the letters. I've seen nothing to dispute that, and it seems reasonable that an address with missing characters and with the address in a different order from 'the normal' could lead to delays in receipt or post getting lost.

In addition, at the time of the deferment being due in February 2023, Erudio had this information on their website:

"How many 'warnings' do I get before I default?

Our UK-based customer support team will make reasonable attempts to contact customers who are in arrears. Where possible (depending on sufficient contact details being available), we will contact customers by way of written letter and telephone; as well as issuing at least one Notice of Sums in Arrears and a Notice of Default letter.

I've seen no evidence Erudio attempted to contact Miss L by phone – as they said they would do at the time – which is disappointing.

Erudio have provided our service with all the contact details they hold for Miss L. This also includes an email address and a note which says this is Miss L's preferred method of communication.

Finally, I've seen in one of Erudio's sample communications – which they say would be included in a text message – say:

By deferring online, you will also contribute to reducing our carbon footprint, through reducing the amount of paper we send you.

But I've seen nothing to suggest Erudio did contact Miss L by text. And of course Erudio have the option to reduce their own carbon footprint by reminding customers they can defer by email – which would have been in line with Miss L's preferred method of communication – before they then perhaps starting sending letters.

Overall, I'm not satisfied Erudio have treated Miss L fairly by only using postal contact – given the letter itself wasn't addressed correctly, went overseas, they said they'd call but seemingly didn't, and have other options available to them which they didn't use. Miss L has said this was a very stressful situation – which given all of the above I completely accept. Taking all of that into account, I also think Erudio should pay Miss L £200 compensation.

Putting things right

This complaint deals with the deferment period for February 2023 – meaning since then Miss L has, in theory, missed a further two deferment periods in February 2024 and now in February 2025.

But, I saw in one of Erudio's communications Miss L was eligible for the loan to be cancelled in August 2024.

Because of that, I think the fairest outcome at this point is:

- *Remove any arrears that have accrued on the account*
- *Run the process for the deferment as at February 2024*
- *If the deferment process for February 2024 would have been successful, had it happened at the time, then cancel the loan*
- *Pay Miss L £200 compensation*

If Erudio run the deferment process for February 2024, and decide Miss L isn't eligible for deferment and / or cancellation later in August 2024, then she'd be entitled to raise a new complaint about these points.

Responses to my provisional decision

Miss L replied and accepted my provisional decision. She also said:

I would also like to add that for other users It should be clear what type of address can be entered. I know software is constantly updated, so the problem is likely solved but it should be clear to users when entering addresses on the Erudio site, if an address or alphabetical characters are acceptable.

Moreover, for other future users, digital communication seems the most obvious and simple solution to avoid any of this.

Erudio didn't reply by the deadline.

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.

As Miss L accepted my outcome, and Erudio didn't, I still think Erudio haven't treated her fairly when it comes to her deferment. My outcome remains the same, and I've set it out below.

My final decision

For the reasons I've explained above, I uphold this complaint and require Erudio Student Loans Limited to:

- Remove any arrears that have accrued on the account
- Run the process for the deferment as at February 2024
- If the deferment process for February 2024 would have been successful, had it happened at the time, then cancel the loan
- Pay Miss L £200 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 1 April 2025.

Jon Pearce

Ombudsman