

## **The complaint**

Miss S complains Link Financial Outsourcing Limited trading as Honours Student Loans (HSL) didn't cancel her student loans with them when they should have.

## **What happened**

Miss S has said she took out four student loans with the Student Loans Company (SLC) – three between 1996-1998 which were sold to HSL. Another student loan was taken out in 1999 and sold to another company. Miss S says she meets the cancellation terms of the three loans and did so from 31 July 2024 – so her loans with HSL should have been cancelled then. Miss S said the company who bought her fourth loan had cancelled it in August 2024, but she wasn't happy HSL said the cancellation didn't come into effect until 19 October 2024. So, Miss S complained to HSL about this.

HSL said SLC had told them the last borrowing date was 19 October 1999, and the cancellation term didn't come into effect until 25 years from the last borrowing date. HSL said Miss S could defer still for 2024-2025 meaning no repayments towards the loans would be due – or she could make the payment of £166.93 which would become due on 24 September 2024. If she didn't make this, HSL said Miss S wouldn't be eligible for cancellation of her loans.

Unhappy with this, Miss S asked us to look into things – and the information I have shows she made the payment of £166.93, and the loans were subsequently cancelled.

Our Investigator ultimately upheld Miss S' case, saying the payment she'd made of £166.93 should be refunded plus 8% interest.

Miss S thought compensation should also be awarded for the distress and inconvenience HSL caused her – saying they held on to her money for over a year, and their responses were dismissive of her concerns. HSL also didn't accept the outcome, saying the cancellation of the loans could only take place 25 years from the date of the last borrowing.

As neither party accepted the outcome, the complaint's been passed to me to decide.

## **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 think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

HSL have said the terms and conditions of the last credit agreement Miss S had shows why they calculate the 25 years from the date of the last payment:

*The present regulations provide for (a) cancellation of repayments if you die and (b) cancellation of repayments (so long as you are not in breach of any obligation to us) if (i) you are aged under forty when you last enter an agreement to borrow from us and you attain age fifty or all or part of your last borrowing from us has been outstanding for at least twenty five years or (ii) you are aged at least forty when you last enter an agreement to borrow from us and you attain age sixty.*

HSL have also pointed to The Education (Student Loans) Regulations 1998 and referred us to paragraph 12:

*The lender will cancel the borrower's liability to repay the loan if the borrower—*

*(a) dies,*

*(b) is not behind on any repayments under any agreement for a student loan and—*

*(i) was under the age of 40 when his last agreement for a student loan was made and he reaches the age of 50 or when the last agreement for a student loan has been outstanding for not less than 25 years, whichever is the sooner, or*

*(ii) was aged 40 or older when his last agreement for a student loan was made and he reaches the age of 60, or*

*(c) if the borrower can show the lender that he gets a disability related benefit and because of his disability is permanently unfit for work.*

HSL added SLC told them the last borrowing date for Miss S was 19 October 1999 – so that's why the cancellation wasn't due until 19 October 2024.

But, Miss S' evidence shows different information. The credit agreement she's provided shows at section 7:

*We will cancel your liability to repay the loan if you:*

*(a) ...*

*(b) are not behind with any repayments under any agreement for a student loan and you:*

*(i) were under the age of 40 when your last agreement for a student loan was made and you reach the age of 50 or when your last agreement for a student loan has been outstanding for not less than 25 years, whichever is the sooner, or...*

The terms have further explanations, but point (b) (i) is the most relevant in my opinion.

This part of the agreement explicitly says *"we will cancel your liability to repay the loan... when your last agreement for a student loan has been outstanding for not less than 25 years..."*.

Section 2 of Miss S' document is titled 'making the agreement' and says:

*"This Agreement will be made when we sign it following signature by you..."*.

So, when Miss S signed the agreement that didn't put it into force – meaning I don't agree 31 July 1999 is the relevant date. But, the terms for section 2 says once SLC sign the agreement, then it is made – and this was 20 August 1999.

Pulling all of this together – the agreement was made on 20 August 1999 and the terms of the credit agreement say the loans will be cancelled 25 years after the agreement is made – so, here, that's 20 August 2024.

It's not completely clear to me why there are different terms. But, I'm persuaded Miss S' credit agreement is the correct one to rely on when it comes to the terms – because it's one that was signed by both her and SLC at the time.

In addition, the law HSL referred us to seems to mirror the terms Miss S' credit agreement has by saying cancellation is applicable when the last agreement has been outstanding for 25 years.

So, overall, I'm satisfied HSL should have cancelled Miss S' loans on 20 August 2024. Because of that, I agree with Miss S the payment of £166.93 shouldn't have had to be made. I also agree it's appropriate for 8% interest to be added to this.

I have also noted Miss S' request for compensation, but I don't think it's needed. Miss S has given two reasons for requesting compensation – the first being how long HSL have held on to her money. The 8% interest award is to reflect that Miss S has been deprived of her money unfairly.

The second reason Miss S has given is she found HSL's responses dismissive of her points. I've thought about this carefully, but I can't agree. HSL came to a different conclusion and explained their thoughts to Miss S in a professional way. I haven't seen they were dismissive in their dealings with her, they just didn't think they'd done anything wrong. While I'm sorry to hear of the distress Miss S has experienced through this complaint, I'm satisfied the award I've made is fair overall.

### **Putting things right**

I require HSL to:

- Refund Miss S the payment of £166.93
- Apply 8% interest\* on this payment from the date Miss S made the payment, to the date it's paid back to her

\*HM Revenue and Customs requires HSL to deduct tax from the interest payment referred to above. HSL must give Miss S a certificate showing how much tax they've deducted if she asks them for one.

### **My final decision**

I uphold this complaint and require Link Financial Outsourcing Limited trading as Honours Student Loans to carry out the actions in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 15 December 2025.

Jon Pearce  
**Ombudsman**