

complaint

Miss G complains that Erudio Student Loans Limited ("Erudio") is pursuing her for arrears on her student loans. She says she wasn't sent a form to let her defer them. So Erudio should write off the arrears.

background

Miss G has two student loans. She had deferred paying them for many years, and she wasn't due to pay or defer again until September 2014. But she says she didn't receive a reminder to defer her loans after this, and the matter slipped her mind as she was working long hours. She says she had always received reminders in the past.

Miss G moved house in November 2013. She says she called the business she got the loans from ("S") around this time to update her address. But S has no record of this.

Erudio took over Miss G accounts in 2014. It says that after it did this, it sent a deferment application form to the address it had on file. But the letters were returned. It tried to trace Miss G in November 2014. But it didn't trace her new address and update its file until October 2015. In early 2016 it sent Miss G copies of all letters she would've received before this. These showed that Miss G's accounts were in arrears.

Miss G says she didn't know Erudio had taken over her accounts until 2016. So she spoke to S about her accounts before this. S' notes show that at the end of April 2015 it asked Erudio to send Miss G a deferment application form to Miss G. And that she had updated her address with it around this time. But Erudio didn't do this.

So our adjudicator said that Erudio should write off any charges applied after 30 April 2015 and put Miss G back into position she should've been in had she deferred at this time. Erudio didn't think that was fair. It responded with evidence to show that despite what S' notes say, it wasn't told about Miss G's new address, or to send Miss G a deferment application form in April 2015.

Our adjudicator was persuaded by this. So she changed her mind and said that Erudio should put Miss G back into position she would've been in had she deferred payment of her loans in January 2015. That's because she thought Erudio had Miss G's mobile telephone number during this period. So it would've been good practice for it to try to contact Miss G on the phone after her letters that had been returned. She thought If it had done this, it's likely that Miss G's address would've been updated much sooner. So less arrears would've built up.

Miss G was happy with this. But Erudio wasn't. It asked for this complaint to be reviewed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And I agree with our adjudicator for broadly the same reasons.

Erudio says it was Miss G's responsibility to update her address. And given the number of years Miss G had been deferring her loans, she would've known she needed to complete the paperwork to defer her loan every year. So she should've done more to ensure that her loan was deferred.

I understand the point Erudio is making. But I also think that if Erudio had tried to call Miss G on her mobile after her letters were returned, or if had tried to email her on the email address it had for her on file, this matter could've been sorted out sooner. Given that it started work to trace Miss G at the end of 2014, I also think it's fair and reasonable that Erudio should put Miss G back into position she would've been in had she deferred payment of her loans by 30 January 2015.

I appreciate Erudio disagrees with this. It says it followed its terms and conditions. And Miss G didn't act quickly to return the deferment application form after it did get in touch with her in early 2016. So it thinks it's unlikely that Miss G would've deferred her loan quickly after contact had been made. I accept I can't be sure how long it would've taken Miss G to complete and return the deferment application form if it had been sent at this time. But I'm not persuaded that it's more likely than not that there would've been much of a delay.

Erudio has also argued that it went beyond what it was required to do when it acted to trace Miss G. I can see the point it is making. But it doesn't change the conclusion I've reached. That's because I think that if it had acted on the information it had on file, it wouldn't have had to trace Miss G – a process that took it around a year to complete.

my final decision

My final decision is that Erudio Student Loans Limited should write off any charges it applied to Miss G's account after 30 January 2015. It should also put her back into the position she would be in if she had deferred at this time.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 January 2017.

Laura Forster
ombudsman