

## **complaint**

Mr M complains that Erudio Student Loans Limited defaulted and terminated his student loan agreements, and about related issues.

## **background**

Mr M had six student loans with Erudio. He deferred repayment of these loans each year until 2016. The last deferment expired in July 2017, and after that arrears began to accrue on the loans. In September 2018 the loans were defaulted, and shortly afterwards the loan agreements were terminated. Mr M complains that he did not receive the default notice, and he does not believe that it was ever sent. He also argues that if it really was sent, then it was sent prematurely. He says some other documents were sent to the wrong address, and that he did not receive those either. But for that, he would have deferred the loans again in 2017. (He also alleges that the arrears figures he was given in the arrears letters he did receive were incorrect.) He would like the loans reinstated and deferred retrospectively.

Erudio did not agree that it had done anything wrong. It said Mr M had confirmed that the address it had on file was the correct address in his last deferment notice in 2016, and it had sent all correspondence to that address, including the default notice. The accounts had gone into arrears, and subsequently been terminated, because he had failed to defer them in 2017. Addressing Mr M's argument that the default notice had been sent prematurely, it said that the "remediation pack" it had sent him shortly before the default notice had nothing to do with the arrears, but just consisted of statutory notices sent to comply with provisions of the Consumer Credit Act 1974 which Erudio had inadvertently failed to comply with before. These hadn't had any bearing on the default notice, or on Mr M's obligation to pay his arrears to avoid a default.

Our investigator did not uphold this complaint. He accepted that the default notice had been sent to the address in the 2016 deferment form, and that it had been sent after four months' worth of arrears had accumulated. He agreed with Erudio that the remediation process did not need to interfere with the collection of arrears and the service of the default notice. He said Mr M had had ample opportunity to correct his address if he was not satisfied that the address Erudio had on file was complete or accurate.

Mr M did not agree. He made detailed submissions about the address point in particular, supported by evidence. He asked for an ombudsman to review this case.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it. I will explain why.

Mr M has (for quite understandable reasons) written a great deal about the difference between his actual address and the address Erudio was using to correspond with him. It's not necessary for me to set everything out again here, and I will summarise the matter briefly. In short, it is not alleged that the address Erudio had on file was wrong, but rather that it was incomplete, because it did not identify Mr M's flat, only the number of the building in which he lived.

To preserve Mr M's anonymity when this decision is published, I will make up a fictitious example. If Mr M lived at number 10B, Erudio was writing to him at number 10. Mr M has

explained that this was not his fault, and that he would normally write 10 (street name) on the first line of his address, and then write "Flat 2" or "Flat B" on the second line, so he didn't notice that the first line was incomplete.

Mr M has made other points about the way that Erudio's website works in relation to confirming the address during the deferment process, to explain why he didn't notice that this was a problem. And he has said that he emailed Erudio with his complete address in 2014, and that it was Erudio's responsibility to update its records at the time, and not for him to check and to prompt Erudio.

I can see how this issue might have prevented some of Erudio's letters, including the default notice, from reaching him. (I don't think this means they were never sent.) But although a great deal has been written about this issue by the parties and by our investigator, I actually think it is a red herring. It doesn't change the undisputed fact that when Mr M did receive arrears letters, he ignored them, because (he says) they were inaccurate and were only for very small amounts. And it doesn't change the fact that the responsibility for applying for a deferment each year was his.

Erudio's contact notes indicate that Mr M received the majority of the letters which were sent to the address Erudio had on file for him. On receiving the arrears letters, I think that it was Mrs A's responsibility to challenge the figures if he thought they were wrong. If he had done that, then either Erudio would have put the process of collecting the arrears on hold while it investigated, or else if Erudio had refused to do that then Mr M could have paid the arrears (as they were only small amounts, and he says he could have afforded to) and asked for a refund if he was vindicated in due course.

The fact that Mr M was receiving any arrears letters at all should have been a clear reminder that he had not deferred the loans. Arrears don't accrue on loans unless they haven't been deferred. So although Mr M did not receive the default notice, he must have been aware that he still needed to defer the loans, or else arrears would continue to accrue. And whether he accepted the arrears notices were accurate or not, they were a sign that a default would eventually follow if he took no action.

I don't accept that the default notice was served too soon. The remediation pack was sent for reasons unrelated to it, and so did not amount to a reason to delay serving the notice.

The accounts were defaulted more than a year after the last deferral expired. During that period, Mr M was receiving arrears notices – not all of them, but most of them. It was his responsibility to apply for another deferral in 2017, and to do so within the time limit, but he didn't. So I cannot fault Erudio for eventually defaulting the accounts and terminating the loan agreements.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 October 2020.

Richard Wood  
**ombudsman**