

complaint

Mr B complains that Erudio Student Loans Limited (Erudio) didn't do enough to let him know he had temporarily lost the right to defer his student loan repayments.

background

Mr B had student loans with Erudio. He moved house and didn't provide Erudio with his new address. Although he accepts this was a mistake on his part, he said Erudio had other means of contacting him and should've been proactive in doing so. He wants Erudio to stop asking him to pay the arrears that he thinks it has applied unfairly to his account. He says it should add the arrears to what he owes instead.

He complained to Erudio. It didn't think it had done anything wrong and so he asked us to look at his complaint.

Our adjudicator didn't recommend that Mr B's complaint should be upheld. Erudio, it seemed, accepted this recommendation but Mr B didn't and so he asked for an ombudsman's decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr B has in the past deferred repayments on his student loan account. Under the relevant terms and conditions of his loan, the deferment has to be applied for and granted every year otherwise repayments become due. His deferment period was due to end in July 2015. And it seems, in the circumstances, Mr B knew or ought reasonably to have known this was the case.

But quite by mistake, when Mr B moved address he forgot to tell Erudio. So when it sent him a deferral application form in May 2015 it was sent to his old address. He didn't receive it. And because Erudio hadn't got the correctly filled in application form which it could then use to assess whether he still met the conditions to defer his loan repayments, his right to defer his loan repayments ended.

Further, because he hadn't made any repayments he began to accrue arrears. But because he'd moved address – he didn't get any of the correspondence about this and so wasn't reminded that he had missed his deferral period.

Mr B explains that he was going through some traumatic life events at this time. So although he knows he should've filled in the form on time it wasn't at the forefront of his mind. And he points out that Erudio had his email address and phone number so, it should've used these to get in touch with him. Erudio, on the other hand, says it didn't have his permission to contact him by email. Further the phone number it had for him, at least in April 2016, was an invalid one.

I can very well understand that Mr B was going through a very tough time. I'm really sorry to hear it and I hope life is improving for him now. He tells us that if he had sent the form in on time he'd have qualified for the deferment. That may well be so, but his right to defer wasn't automatic. He had to both earn below the threshold and fill in the form on time to qualify for

deferral. He didn't do this - so in line with the relevant terms and conditions his deferment period ended. I can't see that is Erudio's fault. And whilst I sympathise with Mr B I don't think what he's told us about his circumstances would have prevented him contacting Erudio about his loan deferral.

The onus was on Erudio to send him the form, on time, which it did. And on him to fill it in and return it, which he didn't. I recognise that Mr B says if Erudio had just picked up the phone or emailed him none of this would've happened. But I don't think Erudio was wrong not to email him if it didn't have his permission to do this. And for at least part of the time it didn't have his correct phone number so I can't fairly blame it for not taking that route either.

Ultimately, Erudio had let him know that the deferral period was coming to an end and sent him the form. And had Mr B given it his new address then none of this would've happened - and that's what I think started this whole chain of events off.

For all of these reasons I've no proper basis to say that Erudio should do anything further. Neither do I think I can fairly say Erudio shouldn't ask Mr B to pay the arrears back. But it'll have to take account of what, if anything, he can fairly afford to repay. Mr B and Erudio need to have that discussion with each other directly.

Mr B was also unhappy with Erudio for sending arrears notices when he was disputing the arrears. I don't think it was wrong of Erudio to remind Mr B of the arrears on his account because he did owe them. And in any event I don't think that Erudio, in the circumstances, had to stop asking Mr B to pay the arrears just because he disagreed that he owed them or said he shouldn't have to pay them off yet.

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 Mr B to accept or reject my decision before 28 December 2016.

Siobhan Kelly
ombudsman