

complaint

Mr H complains about the arrears which have accrued on his student loan with Erudio Student Loans Limited.

background

According to Erudio, the loan is in arrears by about £1,000, but Mr H says he applied to defer his loan payments, so there shouldn't be any arrears.

Mr H says, in summary;

- He doesn't think he should have any arrears because he has always sent in his Deferment Application Form (DAF) to defer his payments on the loan
- He has never been in a position where he meets the criteria to start making repayments, because he has always earned below the threshold for making them
- He wants Erudio to cancel the arrears.

Erudio says, in summary;

- The arrears on Mr H's loan are due to two gaps in his deferment
- The first gap was from 15 May 2015 to 14 July 2015
- The second gap was from 15 July 2016 to 14 January 2017.
- On both occasions, Mr H delayed sending back his DAF
- The arrears balance is £1,023.70.

the first gap from 15 May 2015 to 14 July 2015

Erudio issued a new DAF in March 2015 and received it back from Mr H in May 2015. It explains that it needed further information from Mr H, so it wrote to him on 15 May 2015. While waiting for a response, Erudio issued arrears letters to Mr H on 29 May 2015, 20 June 2015 and 6 July 2015 (because he hadn't made his monthly repayments to the loan). By mid-July, as Erudio hadn't received the information it required from Mr H to complete his DAF, the application expired and was rejected.

Erudio received a further DAF from Mr H in September 2015. This was complete, so Erudio rolled it back by the maximum three months permitted, to 15 July 2015. However, because payments to the loan had not been made in May and June, arrears had accrued.

the second gap from 15 July 2016 to 14 January 2017

Erudio wrote to Mr H in May 2016, enclosing his DAF and reminding him his current deferment period was due to finish on 14 July 2016. It said the loan repayments would become due if he hadn't returned his application by 14 July, or if it was rejected, or incomplete. Erudio wrote to Mr H on 4 June 2016, 25 June 2016 and 7 July 2016 because it hadn't received his application. On 19 July 2016, Erudio wrote again to Mr H to let him know his deferment period had ended and he needed to make payments to his loan. But he didn't do so and arrears notices were subsequently sent to him.

On 28 March 2017 Mr H applied for deferment. Erudio accepted this and deferment was rolled back the maximum three months to begin 15 January 2017. Arrears accrued due to the missed repayments between 14 July 2016 and 15 January 2017.

Our investigator didn't uphold the complaint. She couldn't see Erudio had received the information it needed on time to defer Mr H's loan. She noted Erudio had written to Mr H about the deferment and subsequently the arrears. She concluded that the arrears accrued in line with the terms and conditions of the loan.

Mr H didn't accept this and asked for an ombudsman's review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where evidence is incomplete or inconclusive, I reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

I'm sorry to disappoint Mr H but I won't be upholding his complaint. I'll explain how I reached that decision.

the first gap from 15 May 2015 to 14 July 2015

I'm satisfied that Mr H did not provide Erudio with a fully completed DAF until September 2015. Once Erudio received it, it followed the terms and conditions of the loan and rolled the deferment back by the maximum allowable period of three months. This still left arrears for the missed payments in May and June. I note while waiting for the fully completed DAF, Erudio wrote to Mr H about the arrears. In the circumstances, I consider that Erudio acted reasonably in doing what it did. So I won't be asking it to cancel the arrears.

the second gap from 15 July 2016 to 14 January 2017

Mr H's position is that he completed the DAF and returned it to Erudio, when it was due. But Erudio says it didn't receive it and when it asked Mr H for a postal receipt; he wasn't able to provide one. I've carefully considered all that Mr H and Erudio have said about this and on balance I'm satisfied that Erudio didn't receive the DAF on time. I say this as I've seen the follow up letters Erudio sent to Mr H, chasing up the application. I also note arrears notices were sent to him. When the fully completed DAF was received, deferment was rolled back by the maximum allowable period of three months. In the circumstances, I consider that Erudio acted reasonably in doing what it did. So I won't be asking it to cancel the arrears.

further comment

Mr H said he had never earned above the threshold where he would be expected to make payments. Yet I think it's clear that the right to defer is not absolute. Erudio is entitled to assess this.

On balance, I'm satisfied that on both the first and second gaps detailed in this decision; Erudio didn't get what it needed (when it was needed) to do the deferrals. I'm also satisfied

the arrears on the loan have been correctly applied. For these reasons, I won't be asking Erudio to cancel them.

my final decision

My final decision is I do not uphold this complaint about Erudio Student Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 April 2018.

Paul Phillips
ombudsman