

## **complaint**

Mr H complains that Erudio Student Loans Limited wouldn't let him defer or write off his student loan.

## **background**

Mr H has had a student loan since the 1990s. He deferred repaying it each year. He has psychiatric issues, and is on benefits. He is long-term unemployed.

In 2015 Mr H moved house, but forgot to tell Erudio. That meant he stopped receiving correspondence about his loan, and he forgot to apply to defer it again. After his last deferment period expired, arrears began to build.

In mid-2016 Mr H learned that Erudio had sent a letter to his old address, so he contacted Erudio and explained that he hadn't meant to move without telling it about his new address. It was an honest oversight, and he would have applied to defer the loan again if he had remembered or been reminded. But it was too late. Erudio had terminated the loan agreement, and having done so it couldn't reinstate and defer it as he wanted. But it told him what evidence he would have to provide if he wanted the loan to be written off on medical grounds. Mr H complained to our service instead.

Erudio said it hadn't done anything wrong. It sent Mr H an income and expenditure ("I&E") form to fill in so that it could consider a payment plan. And it repeated that it would consider writing off the loan on medical grounds if the right evidence was sent.

Our adjudicator upheld this complaint. He accepted that Erudio hadn't done anything wrong. But because Mr H had made an honest mistake and couldn't afford to repay the loan, either now or in the future, he thought it would be fair of Erudio to reinstate the loan and defer it. So Erudio asked for an ombudsman's decision.

I wrote a provisional decision as follows.

## **my provisional findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I would first like to say that I was sorry to read about Mr H's health problems, and his financial situation. I have read a letter from his psychiatrist, who says that Mr H's mental health is currently well-managed, but could deteriorate because of the pressure he is now under.

However, I can't make a decision based on sympathy for Mr H. I have to decide whether Erudio has done anything wrong. I don't think it has, which means that I can't uphold this complaint. I will explain why.

I accept that Mr H's failure to tell Erudio his new address was not on purpose. I accept that he didn't mean to evade the loan. And I accept that the only reason he didn't defer the loan was because he forgot to. He would have applied to defer it if he had remembered, and I accept that he was eligible for it. So the deferment would have been granted.

That didn't happen, and it's not Erudio's fault that it didn't happen. So Erudio was entitled to terminate the loan agreement, and I have no reason to doubt that the arrears were correctly charged.

I next have to consider what Erudio should have done once Mr H told it what had happened.

Once the loan agreement was terminated (for a reason which wasn't a mistake by Erudio), Erudio didn't have to reinstate it. But once it knew about the circumstances of Mr H's health and finances, it did have to be positive and sympathetic in how it dealt with him. That still doesn't mean it had to reinstate the loan. But it tried to agree a repayment plan, and it told him what he'd need to do to apply to have the loan written off on medical grounds. I think that is a positive and sympathetic response, and so I don't think Erudio did anything wrong then either.

Erudio has asked for:

- A letter from the doctor (dated within the last six months) saying that Mr H is unfit to work ever again.
- Proof of his benefits.

Mr H sent Erudio the doctor's letter I have referred to above. But that letter isn't a medical report. It doesn't say what Mr H's diagnosis is, or how serious it is, or what his prospects of recovery are, or whether he can work, or whether he will become able to work in the future (if he can't now). Importantly, it's not enough evidence for Erudio to decide whether it should write off the loan.

Erudio told Mr H that the letter he had supplied was not enough, and asked him to supply more evidence. He hasn't done that yet, but I understand that if he does so in the future then Erudio will still consider it. And until that happens, Erudio still wants to agree a payment plan with him. He just has to fill in the I&E form and send it back first. (I enclosed another one for him with my provisional decision.)

I think that is a reasonable response. I think it would be premature to require Erudio to do more than that without seeing this evidence first. I also think it would not be fair and reasonable of me to require it do more than it has in the absence of an error on its part. So while I am sorry that Mr H will not be satisfied with my provisional decision, this is what I am currently minded to decide.

### **responses to my provisional findings**

Erudio accepted my provisional decision. Mr H did not. He said that the reason he hadn't applied to defer his loan wasn't because he had forgotten to tell Erudio his new address. It was because Erudio hadn't sent him a deferral application form. He said that if Erudio had sent one to his old address, then his neighbour would have forwarded it to his new address.

Erudio provided evidence to show that it had in fact sent a form to the old address in October 2015. It had been returned to Erudio in November.

### **my findings**

Because of the evidence recently provided by Erudio, I remain of the opinion that Erudio hasn't done anything wrong.

**my final decision**

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 January 2017. But if he doesn't respond, then we will presume that he rejects it.

Richard Wood  
**ombudsman**