

complaint

Miss C complains that Erudio Student Loans Limited (“Erudio”) is pursuing her for arrears she doesn’t owe.

background

Miss C took out three student loans between 1997 and 1999. She complains that Erudio is pursuing her for the outstanding balance on them despite the fact that she doesn’t earn enough to require her to pay back the loans. Erudio says she didn’t defer the loans as she was required to do. So she was required to pay them after the relevant deferrals expired in 2014. Erudio says Miss C paid off some of her loan between 10 April 2005 and 10 January 2010. So the gap in her deferment history in that period, and the time since she didn’t defer her account again in 2014 is more than 60 months. That means that the remainder of the loan is due in full. It says it will work with her to come to payment arrangement she can afford.

Miss C’s representative says Miss C asked for a deferment but Erudio sent her an income and expenditure form instead, saying it had to be completed before a deferment form could be supplied. Miss C filled this in but made a mistake when she included loans from her family in it. He complains that Erudio refused to believe this was an honest mistake and concluded that she did have enough income to require her to pay back the loans. And he makes a number of points about the way Erudio have managed student loans generally.

Our adjudicator didn’t think Miss C’s complaint should be upheld. She didn’t think Erudio had made a mistake in the way that it had handled the Miss C’s account. She told Miss C’s representative that Erudio has told us that it only backdates deferrals if it has made a mistake that caused the deferment to be delayed. And the terms of the relevant regulations mean that the deferment period can’t be backdated – even if a customer can subsequently prove that they would’ve met the eligibility criteria.

Miss C’s representative asked for the 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 the conclusion our adjudicator has reached, for broadly the same reasons. I’ll explain why.

Before I do, I should say that I appreciate that Miss C’s representative has written at length about this complaint. I’ve read everything he has sent us. But my role is to form a view about what I think are the central issues. So I’ve focused on the points I think are key in this decision. Miss C’s representative has raised a number of legal points with us. I should point out that my role is to decide what I think is the fair and reasonable outcome to this complaint bearing in mind all the relevant circumstances. Those include relevant law - amongst other things.

I can see that in the past Miss C has deferred repayments on her student loan account. Deferments have to be applied for and granted every year otherwise repayments become due. Her latest deferment period was due to end in May 2014. But Erudio says she didn't complete a deferment form until 2016. It seems to me that Miss C knew or ought reasonably to have known that she had to defer her loan before this. I can see Erudio sent Miss C a letter at the end of October 2014. This says that it had made attempts to contact her, and that her account remained in arrears. The letter was sent to the same address Miss C has recorded with our service. And it appears Miss C had spoken to it on the phone about her account in early October 2014.

Miss C's representative says she didn't defer her account because she was sent an income and expenditure form (not a deferment form) by Erudio, and it wouldn't accept she'd made a mistake filling it in. But Erudio says it sent out a deferment form in March 2014. There were discussions after this about Miss C's income, and income and expenditure forms were sent out. Miss C's representative is adamant that she would've qualified for a deferment at this time. That may have been so, but her right to defer wasn't automatic. She had to both earn below the threshold and fill in the form on time to qualify for deferral. I'm satisfied she didn't send in the completed deferment form until after the deferment period had ended.

Miss C's representative complains that Erudio was unhelpful, and wouldn't speak to him. But having considered what it has told us, it seems that Miss C didn't confirm she was happy for him to deal with her account on her behalf until December 2014. So I understand why it wouldn't speak to him about the account before this. As I said above, it appears that Miss C spoke to Erudio in early October 2014. So I'm satisfied she knew what was happening on her account around this time.

In the circumstances, I don't Erudio has made a mistake in the way it has handled Miss C's account. It follows that I don't uphold this complaint.

my final decision

My final decision is that I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 13 April 2017.

Laura Forster
ombudsman