

## **complaint**

Mr B has complained Erudio Student Loans Limited didn't deal with his deferral request properly and then pressured him to pay off his arrears.

## **background**

Mr B lives overseas. He'd regularly got his three student loans deferred. When Erudio took over management of his loans, they firstly sent him a deferral form on 14 March 2014. Mr B returned this with three monthly wage slips, as required. The form was dated 9 June 2014. Erudio sent Mr B a letter in June 2014 saying the form was incomplete.

Erudio also sent Mr B deferral forms for his other two loans on 14 April 2014 and 15 July 2014. Erudio left a message on Mr B's phone and sent another letter in October 2014 about a wage slip being missing. No deferrals were applied in 2014/15. Mr B made no applications for deferrals in later years as he was earning over the threshold.

In early 2016 Mr B contacted Erudio to query the arrears on his loans. He was then unhappy with Erudio's explanation. He'd thought his loans had been deferred in the year he applied. Erudio pointed out what their guide said about deferral applications. They felt it wasn't unreasonable to have expected Mr B to have got in touch if he'd not had the deferrals confirmed.

Mr B then arranged to pay his arrears, although he felt he was being pressured to do this by Erudio. His personal circumstances were such he had to use money reserved for his retirement so was upset about this. He was also irritated that despite calling a few times, he was never given clear information about his arrears. He complained to Erudio about how he'd been treated. He was also concerned he'd never known he had to complete three different forms in 2014 to get his deferrals applied. As Mr B was living overseas, the payment options Erudio were able to offer weren't straightforward.

Erudio agreed they could have been clearer about the arrears Mr B had to pay but didn't believe they'd pressured him to pay. They also pointed out their procedures were to have separate forms completed for each individual loan deferral applied for, along with three copies of wage slips for each back in 2014. Their procedures had now changed.

Mr B remained unhappy as he felt he was still being chased for a small level of arrears. He brought all aspects of his complaint to the ombudsman service.

Our adjudicator reviewed the extensive and often contradictory evidence. She felt Mr B's loan history showed he'd successfully applied for deferrals with all the necessary evidence for over 15 years. She thought Mr B had sent three wage slips and the form to Erudio more than once in 2014. She didn't think the evidence supported Mr B being pressured into paying the arrears. But she could understand why he felt he was having difficulty repaying what was needed. She initially thought Erudio couldn't backdate Mr B's deferral applications so felt £250 compensation was fair.

Mr B didn't think £250 was fair. Erudio didn't think they'd made any mistakes so also didn't think this was the right outcome.

Our adjudicator realised she could ask Erudio to consider backdating Mr B's applications for deferral for 2014/15. She felt this was the fair way forward. She noted Erudio now didn't require customers to make three separate applications. In the circumstances she asked Erudio to do this for Mr B. They wouldn't agree.

As no agreement could be reached, this complaint has been referred to an ombudsman to make a final 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.

In cases like this where the evidence is contradictory, I reach my decision on a balance of probabilities. This means I'll look at all the evidence. I'll then decide what I think is most likely to have happened.

I've already confirmed to Erudio what I believe the fair outcome of this complaint is. I'm going to concentrate on what I believe are the two main aspects: the deferral applications and management of arrears in 2016.

#### *did Mr B apply to defer his loans in 2014?*

I agree with our adjudicator. I don't see why someone who had successfully applied to have his loans deferred over a number of years wouldn't fill in the form and return it to Erudio with the evidence needed. And in fact Erudio did receive a form dated 9 June 2014. They've said only two, rather than three, wage slips were included. In their letter in October they more than likely confirmed there were missing wage slips. I see no reason to doubt Mr B when he says he re-sent this information.

I agree with Erudio. I don't think Mr B completed three separate forms. As I've already explained to them I can't see why he'd expect to have to do this. He'd never had to do this before. There's no evidence Erudio explained to him why and that they would be asking for three completed forms. And just because each form had separate account numbers doesn't mean Mr B would have realised what this meant.

And as Mr B has noted Erudio no longer require customers to complete forms for each individual loan and submit separate sets of evidence.

The most likely timeline is Erudio sent the first form. Mr B put it on a pile of papers to complete as we all do. He got sent another form. He then completed and returned the first form (which he'd understandably thought was the same as the second form) with his wage slips.

Certainly from the evidence Erudio has shown us they only have copies of two wage slips: those for March and May 2014. This does make me think Mr B sent three – including the one for April – and somewhere along the lines one wasn't received or scanned.

I've already mentioned to Erudio I think it's reasonable for them to have worked on the evidence they had to consider Mr B's deferral applications. They've said "*Erudio cannot assume a customer's wage and this is why evidence is needed*". I agree. But as I've pointed out they have that evidence. Mr B's wage slips show his earnings year to date as well as monthly earnings. A simple bit of maths shows Mr B earned the same in April 2014 as he did in both the preceding and subsequent months.

Based on this evidence, I believe Erudio received the information they needed to consider Mr B's deferrals for his three loans in 2014. They should now consider this evidence and if Mr B's earnings meet the threshold, back-date deferrals as appropriate.

I have been in touch with Mr B and he's supplied us with wage slips for June and July 2014. We'll share these with Erudio. This means I believe they have evidence for the whole period when he was completing the deferral applications.

#### *management of arrears*

I suspect both Mr B and Erudio's interpretation of their contact in 2016 – including the phone calls – will continue to differ. I agree with our adjudicator. I don't believe the evidence shows Mr B was pressured to pay the arrears. I can see why he feels the letters he received were forceful but these are standard. They confirm what the situation is and what action needs to be taken.

I appreciate why Mr B will feel otherwise but I don't think Erudio acted unfairly. They did try to talk about what they could do if there were financial difficulties. But by this stage I think Mr B just wanted to minimise all contact with Erudio.

However there does appear to have been a bit of a muddle about how he was going to make those payments. Erudio seemed to have suggested he send them three separate cheques every month. This would have been a costly and inefficient option. Some of the issues are caused by Mr B having three separate loan accounts so I'm pleased Erudio have been able to confirm some of these issues have now been ironed out. I'm not surprised Erudio wasn't able to collect his payments by direct debit as they don't provide collection of international direct debits. He can now pay online which is much simpler.

Our adjudicator originally suggested £250 compensation because she felt Mr B's deferrals hadn't been dealt with properly. However as I'm now asking Erudio to sort those out – along with any overpayments it turns out Mr B has paid – I've reduced this to £150. I think it's fair to ask Erudio to pay him this. This is because of the problems they've caused him with how his accounts have been administered.

I've been in touch with both Erudio and Mr B to let them know my thoughts before writing this final decision.

### **my final decision**

For the reasons I've given, my final decision is to instruct Erudio Student Loans Limited to do the following to put things right:

- Consider the evidence for Mr B's deferral applications for all three loans in 2014/15 and apply the deferrals as appropriate;
- Based on those loans being deferred for a further year, re-calculate Mr B's loan accounts and repay any over-payments made in 2016 (plus 8% simple interest from the date those payments were made until the date of settlement); and
- Give Mr B £150 for the problems caused when he tried to pay the arrears.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 March 2017.

Sandra Quinn  
**ombudsman**