

## **complaint**

Mr S complains that Erudio Student Loans Limited (“Erudio”) terminated his student loan account too abruptly and unfairly.

## **background**

Mr S’s student loan was taken over by Erudio in 2014. At the time there were arrears on the account of about £1,800.

Mr S successfully applied for deferment of the loan, as was his right, between November 2015 and November 2017. At the end of this period the account was still in arrears of more than £1,000 and as a result Erudio defaulted the account at the end of December 2017. This meant that Mr S was responsible for paying off the remainder of the loan and that his rights, to future deferments and to cancel the debt under certain conditions, were lost.

Mr S complained to them about this. He said he’d had no warning that they would terminate the agreement except for just one letter that they’d sent him the previous month and he said the wording in the notice of default wasn’t clear.

But Erudio didn’t agree. They said that the account had been in areas for a long time and they thought the wording in their default notice clearly explained that the consequences of Mr S not making payments was that the account would be terminated.

So Mr S brought his complaint to this service but our investigator agreed with Erudio. He noted that the arrears had been longstanding and explained that Erudio had a right under the terms and conditions of Mr S’s loan to terminate the agreement in these cases. So he didn’t feel they’d done anything wrong.

But Mr S disagreed. He said Erudio had operated in a confusing way and stressed that the only notice, of the implications of him not paying on time, was contained in the small print of a single letter. He also claimed that the date of the end of his deferment should have been in January 2018 and not in November 2017 and he asked for a final decision by an ombudsman.

## **my findings**

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

I know it will disappoint Mr S but I agree with the investigator’s view of this complaint. Please let me explain why.

Where the information I’ve got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

The terms of the student loan agreement Mr S signed up to said:

*“If you fail to make any repayment...we shall be entitled to require you to make immediate repayment of the loan”.*

And that appears to have been exactly what has happened here so I think Erudio have acted within the terms of the contract.

But Mr S might ask if it's fair for them to terminate his agreement only a month after his most recent deferment had ended. This might have been a little unfair if his account had been kept up to date – but it hadn't been.

The account was in arrears when it was passed to Erudio and remained in arrears for several years. I note that during the period from November 2016 to February 2017 the deferment wasn't being applied because Erudio say they were unable to contact Mr S. But during this period the arrears were not cleared either.

By the time the most recent deferment came to an end Mr S was more than four months in arrears and that was the point at which Erudio decided it would be fair to issue a default notice. I note that the investigator explained that the Information Commissioners Office (ICO) provide guidance on when this should usually be done and I see that Erudio are in line with that advice.

Mr S says that the termination was a shock to him but I don't think the default notification he received in November 2017 was the only time he'd been warned of the consequences of not paying. I see that in February 2016 he also received a default notice in which the consequences were explained to him and whilst the consequences weren't explained, I can see that he received several reminders that repayments were expected before he received the default notice in November 2017.

I've reviewed the default notice and I can see that the consequences were clearly explained. The notice said that they may terminate the agreement and contractual rights and the full balance may become payable. It wasn't hidden in the small print but was on the first page under a heading that was in block capitals.

Mr S says that the most recent deferment should have elapsed in January 2018 and not in November 2017. But I see that Erudio rolled back the commencement date of the last deferment. Whilst Mr S only provided the correct information to them in February 2017 they backdated the deferment to November 2016 which meant that the end date was as they have applied it.

So whilst I have sympathy for the situation Mr S finds himself in I'm afraid I can't agree that Erudio have done anything wrong here or need to take any action.

**my final decision**

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 June 2018.

Phil McMahon  
**ombudsman**