

## **complaint**

Miss T complains that Erudio Student Loans Limited (“Erudio”) failed to defer payments towards her student loan and instead defaulted the account. She’s upset that she’s now being asked to pay the outstanding balance and that she’s no longer entitled to have the loan written off at age 50.

## **background**

Miss T’s student loans are managed by Erudio. Her deferment period ended in May 2015 and as Miss T didn’t make payments to the account, arrears started to accumulate. She applied to defer her student loan in June 2015 but Erudio wrote to her on 2 July 2015 to say they needed more evidence of her benefits. Miss T says she didn’t get this letter as she no longer lived at the address they had for her. She was living in a caravan with no post and she’d broken her ankle and was immobile.

In August 2015 she emailed Erudio saying she’d sent the deferment letter to them and asking them to check. They replied shortly afterwards explaining, again, that the information they required was missing. Miss T says she told them at this time that she was living in a caravan and was not receiving benefits.

She thought that was the end of matters and was therefore surprised in October 2015 to find that the loan had been passed to debt collectors and her account terminated. She was due to pass 50 in December 2015 and was expecting the debt to be written off.

Erudio said that they advised Miss T of the situation by writing to her at the address they had on file. They didn’t think they’d done anything wrong and explained that as the account had been defaulted and was not fully up to date, Miss T no longer had the right to have it written off at the age of 50.

So Miss T referred her complaint to this service and our investigator provided her opinion. She thought it was Miss T’s responsibility to advise Erudio of her change of address. She noted that Miss T was clearly aware of the arrears on the account in August and at that point it was clear she knew her deferment hadn’t been processed. But she noted that Miss T hadn’t provided the evidence of benefits that Erudio requested and that she hadn’t made payments for several months. So, in those circumstances, she thought Erudio were right to default the account. And, as the account had been defaulted, she noted that the terms no longer allowed Miss T to write off the debt.

Miss T disagreed with the investigator’s opinion. She explained that she’d been diagnosed with a debilitating illness in 1994 from which she still hadn’t recovered. She said she thought she’d provided enough information when she explained she wasn’t on benefits in August and she explained that Erudio hadn’t told her about the potential for her loan to be defaulted and that she’d then not be entitled to have it waived. She 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 agree with the investigator's view. I know that will disappoint Miss T so 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.

*was Miss T aware the account wasn't deferred?*

The deferment period ended in May and Miss T was sent an arrears letter at that point. I think it's most likely she received that letter as it's not been disputed and because I can see that on the deferment form she sent the following month she confirmed she still lived at the address Erudio had on file for her.

So, I think Miss T was most probably aware that arrears were accumulating on her loan from May 2015. And I think she knew the deferment hadn't been approved in August as I can see she contacted Erudio about the arrears. She made no payments to the account and it was defaulted in October 2015. I think that was fair in the circumstances as:

- I think it's fair to default an account when payments haven't been received for such a long period. I've not seen evidence to suggest Miss T was trying to make payments or that she'd provided the information Erudio were requesting i.e. bank statements and evidence of the benefits she explained she was receiving in her June deferment application;
- The arrears letter in July explained the impact that non payments would have. It said "...it could lead to us (Erudio) taking steps to default your account. This could result in you losing the right to defer your loan payments and to other benefits such as age related cancellation...". It appears that Miss T was receiving some mail which was redirected by her estranged partner. I think it's reasonable to suggest she would therefore have received this letter: later than planned but in enough time to alert her of the impact of non payment. And even if I'm wrong about that, Erudio sent the letter to the address they had for Miss T an address they'd not been told had changed.

Erudio has explained that if the account wasn't fully up to date at the point at which Miss T turned 50 then her right to have the debt cancelled was lost. The account clearly wasn't up to date so I think it would reasonably follow that those rights were lost and that Erudio haven't made a mistake.

*were there exceptional circumstances?*

I don't think it would be reasonable to suggest there are exceptional circumstances here that should have changed Erudio's stance.

Miss T has explained that she was living at a different address but I think it was her responsibility to inform Erudio of this and, as I've found she was most likely aware of the arrears in May 2015, I think it's also fair to suggest she should have been expecting some communication and also expecting action if she didn't clear the arrears that were accumulating.

I was sorry to hear about Miss T's ill health but I'm not persuaded that there's been sufficient information that the issues she described would have prevented her getting in touch with Erudio; providing the information they required to establish whether a deferment was possible or making a payment to her account.

And, overall, I'm afraid I am not persuaded that there is enough information here to suggest Erudio have done anything wrong or need to take any further 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 Miss T to accept or reject my decision before 27 February 2020.

Phil McMahon  
**ombudsman**