

complaint

Miss E complains about arrears that Erudio Student Loans Limited (Erudio) applied to her account.

background

Between 1996 and 1998, Miss E took out four student loans with Erudio. Miss E has deferred repayment of her loans for the past several years. In May 2015, the deferral period expired. Miss E said she submitted all of the necessary paperwork to have allowed Erudio to defer her loans, including a deferral application form (DAF), but she wasn't sure when.

Erudio said it received the supporting paperwork in October 2015, but not the DAF. As it didn't receive the DAF - it said it couldn't process Miss E's deferment request. And by October 2015, Miss E's deferment request was already late – so that even taking into account the fact that the deferment period could be rolled back, arrears would still remain on the account.

Miss E (re)submitted the DAF in August 2016 and Erudio rolled back the deferment period by three months. This meant that Miss E's loans were in deferment from June 2016 onwards and three months of arrears were removed from the account. But Erudio said it was Miss E's responsibility to submit the DAF and her failure to do so meant that the outstanding arrears were properly applied.

Unhappy with how Erudio had handled her account, Miss E asked us to look at her complaint. In bringing her complaint, Miss E told us about her very difficult personal circumstances as a carer for her father in the final year of his life.

Our adjudicator didn't uphold Miss E's complaint. She had sympathy for all that Miss E had gone through, but she didn't think Erudio had done anything wrong.

Having undertaken a preliminary review of the case, I wrote to Erudio to ask it if, in light of Miss E's personal circumstances, it would agree to remove the outstanding arrears that had been applied to the account.

Erudio responded to say it would not agree to this. It acknowledged that Miss E had been going through a difficult time. But it said it didn't think it was fair or reasonable to ask it to remove the arrears. It said applying for deferment by submitting the DAF was part of the terms of the account and Miss E hadn't done this. It said the regulations around deferment were strict and meant that the deferment period couldn't be further backdated – even when the eligibility criteria are met. Ultimately, Erudio said it hadn't made an error.

Having considered Erudio's response and all of the other information, I issued a provisional decision setting out why I thought Miss E's complaint should be upheld. In summary, I said:

- having listened to a telephone call that Miss E had with Erudio in October 2015, it was clear that Miss E told Erudio something of the difficulties she was experiencing looking after her father;
- regardless of whether or not Miss E had submitted a DAF with her supporting paperwork in October 2015 – Erudio had made clear to Miss E it hadn't received the DAF. And so the onus was on Miss E to (re)submit it. I didn't think Miss E had done all she should've to ensure that the loans were deferred;

- but it was important for Erudio to consider the wider circumstances in this case and treat Miss E fairly as a customer in arrears with those wider circumstances in mind;
- it should be recognised that: Miss E always deferred her loans on time up until the period that was in dispute; she met the threshold for deferment for the period May 2015 to May 2016; and the month after her father died she submitted the full paperwork Erudio required to defer the loans.

I invited both parties to provide any further comments they wished me to consider before I used a final decision.

Erudio responded simply to repeat the comments it had previously made.

Miss E responded to she was happy with my decision. She said the whole thing was very stressful for her and so she asked me to consider awarding some compensation in addition to the arrears being written off.

my findings

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

As I set out in my provisional decision, having considered all that has gone on here, I think Erudio should've responded more positively to Miss E's specific circumstances and have taken a more sympathetic approach as to why it is arrears had accrued in this particular case.

Erudio hasn't provided any further comments for me to consider and so it hasn't convinced me that my proposal is unreasonable or unfair.

I acknowledge Miss E's request for some form of compensation. But as I set out in my provisional decision, ultimately the onus was on Miss E to submit the DAF form. In the circumstances, I don't think compensation is appropriate.

To put things right, I think Erudio should remove the outstanding arrears that have accrued on Miss E's account between May 2015 and May 2016 and treat the account as though it was in a period of continuous deferment from May 2015.

my final decision

My final decision is that I uphold this complaint. To settle it, Erudio should remove the arrears that have accrued on Miss E's account between May 2015 and May 2016 and treat the account as though it was in a period of continuous deferment from May 2015. It should also remove any adverse information from Miss E's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 26 June 2017.

Siobhan Kelly
ombudsman