

complaint

Miss T has complained that Erudio Student Loans Limited failed to send her a deferment application for her student loans. As a result, Miss T didn't defer her loans and Erudio has requested repayment.

background

Miss T has two student loans. In view of her income levels, she had been deferring repayment each year for many years. She did this by completing an application for deferment each year, when SLC sent her an application pack.

In November 2017, Erudio says the deferment pack was sent to Miss T as usual. Miss T didn't complete the application (because she says she didn't receive it). So the loans weren't deferred. This meant that from January 2018, repayments became due and arrears began to build up.

On 1 October 2018, Erudio issued a termination notice to Miss T. This meant that it was no longer possible to defer. Erudio then passed the account to its debt recovery agents.

In December 2018, Miss T complained to Erudio. Erudio didn't uphold it, as they said the deferment application was sent, so they'd done nothing wrong.

Miss T referred her complaint to this service and one of our investigators looked into things. She didn't think Erudio had done anything wrong either. So Miss T asked for an ombudsman to look at things again.

Miss T felt that, as a matter of principle, it wasn't fair that she'd lost her right to defer forever. She reiterated that she hadn't received the pack, even if Erudio's systems said it had been sent. She thought Erudio should have contacted her when they didn't receive her deferment application.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as our investigator, for essentially the same reasons. I realise this will be disappointing for Miss T. So I'd like to explain why.

As our investigator explained, where there's a dispute over something sent in the post, I must reach my decision on the balance of probabilities. In other words, I decide what is more likely than not to have happened. In this case, I've seen evidence from system records that the deferment pack was sent on 29 November 2017. I can see that Miss T's address is written correctly on all the student loan correspondence and she hasn't moved house. So I'm satisfied that it's more likely than not that it was sent correctly.

Of course, this doesn't mean that Miss T received it – post does go astray sometimes. But it does mean that it wouldn't be fair for me to hold Erudio responsible for its non-receipt and what followed.

I know Miss T would have liked Erudio to contact her when they didn't receive her application. But this isn't something they've agreed to do. So I don't think it would be fair to

say they should have done so in Miss T's case. The loan agreement made it clear that it was up to Miss T to apply each year to defer, if she wished to continue to do so. Erudio's website also contained information on deferment and enabled customers to apply online. So it wasn't necessary to receive the pack to apply.

Miss T has told us that she received a large envelope of letters regarding her student loans in one batch in 2018. This didn't include the deferment application. But her argument is that this indicates that Erudio had a problem with their administration, which calls into question whether they actually sent the deferment documents. I've thought carefully about Miss T's point here.

I can see that the batch of documents in question were all statutory notices of arrears. Erudio has told us that they noticed in 2018 that they'd failed to comply with the Consumer Credit Act in terms of these notices. So they sent out what they called a "Remedy pack" to affected customers to rectify this by providing all the required notices. I'm satisfied that this was a separate, one-off exercise and doesn't indicate an issue with the deferment packs, which Miss T had successfully received in each previous year.

Miss T feels it's unfair that because she didn't get one deferment pack, she has lost her right to defer forever. But Miss T knew she needed to defer annually. And she didn't get in touch with Erudio until the following November, around two years from her last deferment. By this point, Erudio had sent several statutory notices, including a default notice and the big bundle of "remedy" documents. The default notice included a warning that if Miss T didn't pay the arrears, then her account would be "terminated" and she would lose the right to defer. A termination letter followed in October, informing her that she'd lost this right. So it seems to me that Miss T had had many prompts to remind her of the loan before her right to defer was permanently lost.

To uphold Miss T's complaint, I'd need to find that Erudio had done something wrong. But I can't see that this is the case. I've concluded it's more likely than not that the deferment pack was sent. And from then on, Erudio have just followed their standard processes, sending the appropriate statutory notices and asking Miss T to get in touch to discuss an affordable repayment programme. So I don't think they've acted unfairly.

my final decision

For the reasons set out 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 12 October 2019.

Louise Bardell
Ombudsman