

## **complaint**

Mr C is unhappy that Erudio Student Loans Limited (Erudio) is pursuing him for arrears on his student loan accounts. He suggests that no arrears are actually owed by him to it as he has, at all relevant times, applied for, and been granted, the right to defer his loan repayments. Further, he says this is because, he has never earned enough to have to start paying the loans back.

## **background**

I set out the background to Mr C's complaint in my provisional decision. In it, I set out Mr C's take on this complaint and Erudio's.

He thought that the previous debt owner, "S" a limited company, messed up his deferral, for the period between September 2006 and September 2007. He explained during this time he had some difficulties in his life, which made it harder than normal for him to contact S. But he said, even in those difficult circumstances, he managed to get the appropriate documentation to S so he could defer his repayments. And as far as he was aware, his application to defer was accepted.

He said, he has explained all of this, many times, to both S and Erudio. But much to his frustration and dismay his explanations have fallen on deaf ears because first S and now Erudio have continued to chase him for arrears. He wanted the arrears written off and for Erudio to stop asking him about this. He also wanted compensation for distress and inconvenience.

Erudio suggested if S made a mistake in processing Mr C's deferral that's not anything to do with it. It only took over the accounts in 2014. And it said, it followed, it's only responsible for what happened after it took over the ownership of the accounts.

Further, its position was that it received sufficient information from S when it took over the accounts to make it think Mr C had run up the arrears. But if he thinks differently, then he needs to speak to S. In the meantime, unless S says otherwise, it has good reason to think he does owe the money and it's obliged to tell him this. It didn't mention anything about a collection agency.

It said, the information it had showed Mr C had run up arrears on two occasions. That is, in between April 1999 and August 1999, and also between September 2006 and June 2008. Dissatisfied with this response Mr C came to us.

In my provisional decision, I explained why I couldn't look at anything that happened before 6 April 2007. So I was unable to look at anything about how the deferral in 2006 was handled and if this led to the arrears being run up. But I said I could look at the rest of the complaint. However, as I didn't think Erudio had done anything wrong, I wasn't intending at that point, to ask it to do anything further.

Erudio said it accepted my provisional decision. Mr C said he didn't. In summary, he said he was disappointed by my provisional decision. He wanted to know why the onus wasn't on Erudio to prove that the information it got from S was correct.

He repeated that he owed no arrears. But the problem was that the only information he had to back up what he said is held by S. And S is ignoring him. He suggested common sense

should tell me he did apply to defer, because as he was earning under the relevant income threshold, why wouldn't he have applied to defer his repayments.

Mr C explained how upsetting he finds it to keep on getting letters from Erudio telling him he owes arrears. He further suggested that if Erudio is so sure he owes the money, then the fair thing for it to do, would be to take him to court to get the money back.

He pointed out that he thought it was convenient for Erudio to say he has arrears. This is because this may mean he'll not qualify to get his loan written off at some point in the future. His implication being, I think, that Erudio has a commercial interest in saying he has arrears when he doesn't really.

### **my findings**

I thank both Mr C and Erudio for their responses to my provisional decision. I've re-considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I feel that I will disappoint Mr C still further. This is because I've decided as I did in my provisional decision not to uphold his complaint.

*this is a difficult situation for Mr C but our power to help him is limited*

I sympathise with Mr C's predicament. He describes a maddening situation. He's sure he deferred his repayments at all times. He says he hasn't got written evidence to prove it. But he believes S does. But it won't respond to him. So he has to come at it from a different angle by raising the point with Erudio. As it at least responds to him, even if he doesn't think it's listening to what he's saying.

I've explained already in both my provisional decision and the follow up decision about this service's powers, why I don't think I can look at the deferral he says was botched. And why by extension it means I don't think I can look at whether or not the arrears were correctly applied to his accounts.

*it's wrong to say Erudio is responsible for a mistake S might have made*

In any case, as I see it, he's complaining about what he thinks S did wrong not Erudio. I don't think it's correct to hold Erudio responsible for the actions of a completely separate company.

*the firm has to show why it thinks he owes the debt and it has done this*

That said I do think Erudio has to make a case for relying on the information it got from S. S's records show that Mr C did run up arrears on two separate occasions when no deferral had been given. I don't think that Erudio should've concluded that it was likely that the information recorded in S's records was incorrect. In other words I think, in the circumstances, it was reasonable to rely on this information.

*why it's not appropriate to make an award for distress and inconvenience*

I realise Erudio does write to Mr C about the arrears. But I see nothing wrong in that. It thinks he owes the money and has strong enough grounds for thinking this. Further, if it thinks he owes it money it's reasonable that it might have instructed an agent to collect these arrears.

Erudio though is under no obligation to take him to court and I can't make it.

It follows that since I don't think its behaviour has been inappropriate I'm making no award for distress and inconvenience.

**my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 January 2017.

Joyce Gordon  
**ombudsman**