

complaint

Mr E complains that Erudio Student Loans Limited didn't defer his student loan repayments.

background

Mr E took out three student loans in the 1990s, one for each of his three years of study. After that he sent the lender an application form each year to have his repayments deferred. In 2014 Erudio bought the loans from the lender.

By then, in late 2013, Mr E had sent his deferral form to the original lender as usual. But the lender required further evidence of his earnings, and wrote to him to ask for this. It never received them. So Mr E's account was not deferred, and the loan repayments became due. Arrears began to accumulate.

Erudio bought Mr E's account from the lender in March 2014. Mr E first sent Erudio an application to defer repayments in January 2015. He says that he included three monthly pay slips with his form, stapled together. But Erudio says it only received one. As it needed three, it wrote to him to ask for two more. But he did not send them, and in March the loans matured. After that they could not be deferred. Mr E says that Erudio only needed one pay slip anyway, as it was for December so it gave his income for the whole year.

Erudio says it sent a default notice to Mr E in June 2015. Mr E complains that he did not receive it. He phoned Erudio in July and was told he had five years to repay the loans. So he complained to Erudio. When he asked to see copies of his loan agreements, Erudio sent him poor copies which were hard to read. It apologised for that, and said it would send him a cheque for £50. But it did not uphold the rest of his complaint, so he complained to our service.

Our adjudicator did not uphold this complaint. He thought that Mr E had only sent one pay slip, and he accepted that Erudio needed three. He accepted that Erudio had sent a notice of default in June, although he also accepted that Mr E had not received it. He found that between January and June 2015 Erudio had sent Mr E three other letters, and tried to phone him 39 times, without an answer. He did not think that Erudio had done anything wrong. So Mr E has asked for an ombudsman to reconsider his complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The original lender did not receive all the evidence it needed in 2013. That makes me think it's more likely that Mr E did not send Erudio enough evidence with his form in early 2015, than that three stapled pay slips became detached and two were lost. In any case, when Erudio received an incomplete application, it tried to contact Mr E by letter and by phone to ask him for two more pay slips. But it could not get through to him on the phone. I accept that Erudio sent him a default notice in June. I accept that he did not receive it, but that is not Erudio's fault. Erudio received no reply from him until July, by which time it was too late to defer the loans and a final demand had been sent. So I think Erudio did enough to try to establish contact with him. 39 phone calls, a default notice and three other letters are plenty.

The reason Erudio needed three payslips was because it needed to know his average gross income over a three month period. The December pay slip on its own would not tell it that. So I don't find that Erudio made an error by not deferring the loans, or by defaulting them.

Mr E currently owes over £2,000 in arrears. There has been some unfortunate confusion about how this figure was calculated, as Mr E was wrongly told that one of his three loans had been paid off, which he knew was not true. Erudio has since provided the correct outstanding balance on each loan, which I have verified. I have provided these figures to Mr E separately to this decision. To be clear, all three loans are in default.

I think £50 is fair compensation for sending Mr E poor quality copies of the loan agreements. They are not illegible, and a clear, blank copy was sent with them to help him read them. And the debts were never in dispute.

Mr E has complained that he never received the cheque. So Erudio has agreed to send him a cheque for £60, which includes £10 for the delay. I think that's fair.

my final decision

My decision is that Erudio Student Loans Limited must pay Mr E the £60 it has agreed to pay him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 February 2016.

Richard Wood
ombudsman