

complaint

Miss W has complained about Erudio Student Loans Limited's handling of her student loan account.

background

Miss W had a loan account with Erudio, in respect of two student loans taken out in 1997 and 1998. They'd initially been taken out with a third party, but were then taken over by Erudio. She'd always deferred the loans, as she was under the income threshold for repayments. This had to be done each year with a new deferment application.

But for Miss W's most recent application, Erudio asked for information she hadn't needed to provide before. Miss W felt the information wasn't necessary, and didn't provide it until after the deadline Erudio had set. Because of this, she later lost her right to defer, and arrears accrued. The account's now been outsourced to a debt collection agency. Miss W has also explained that Erudio didn't let her know what was happening with her account – specifically, she didn't receive a new deferment application form, and wasn't told her repayments weren't being deferred.

Our adjudicator didn't recommend that the complaint should be upheld. This was because he thought it had been reasonable for Erudio to ask for the information it had. He also thought Miss W would have known the deferment hadn't gone through, as she'd received no confirmation it had, and was sent a statement showing the arrears.

Miss W disagreed. In summary, she said the letter from her husband wasn't necessary, and she'd demonstrated she was under the threshold for deferment. She felt she hadn't been clearly communicated with, which had pushed her into arrears. She noted that there are four categories people can fall into under the loan documentation:

- employed;
- self-employed;
- living on unearned income; and
- travelling.

Miss W said that as she's self-employed, she needed to provide one item from a list, which she had done, in the form of her tax return. There was no reference in the documentation to needing to provide more than one piece of evidence, and it's not up to Erudio to change the rules. She said she wasn't required to say she was self-employed and living on unearned income (which she explained she wasn't). As her tax return requires her to include all of her income, this should have been enough evidence for Erudio.

The complaint's now been passed to me for my final decision.

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 understand that Miss W felt it was unfair for Erudio to ask her for information she hadn't been asked for before, and she didn't feel it was necessary for her to provide it. Although she later did, Erudio wouldn't then allow the deferment, as it said it was too late.

Up until this point, there had been correspondence between Miss W and Erudio, and Erudio had said it wanted a complete copy of Miss W's tax return, confirmation of her child benefit, and a letter from her husband setting out any support he gave her. Initially, Miss W only sent in the full tax return in response to this request.

Erudio sent letters asking for the information in May 2015 and July 2015. In the July letter, it explained that if it didn't get what it had requested by 29 July, the deferral wouldn't be accepted, and Miss W would have to start again with it. Unfortunately, it didn't receive the information until 5 August 2015, so it didn't process the application, and sent a new form to her. Miss W has explained she didn't receive this.

I accept that Miss W felt she only fitted into the 'self-employed' category, and the money she received from her husband was nominal. But I don't think it was unreasonable of Erudio to ask for a letter to say how much money she was receiving from him. It's possible that a person may well fall into two categories. In this case, it seems like Miss W did, as she was self-employed and also receiving 'unearned' income. The information Erudio was asking for could be provided, and Miss W did later do so. Unfortunately it was too late. I accept that Miss W hadn't been asked for this before, but I don't think that makes Erudio's request unfair. Nor do I think it was unnecessarily onerous, given that it could be provided. So I don't think it was unreasonable for Erudio not to accept the deferment.

I turn now to whether Miss W was kept updated as to what was happening with her account. I think she was. There were a number of letters, including a new deferment form being sent. I know Miss W has explained she didn't receive it. But I think she'd still reasonably have known the repayments weren't being deferred, because of the previous correspondence, and because she'd not sent the information back in time. She hadn't received a confirmation of the deferment, but she was sent a letter in September 2015 showing the account was then in arrears.

As I understand it, Erudio still owns the account, but it's been outsourced to a debt collections agency. In its letter to Miss W from August 2016, Erudio asked Miss W to contact it to discuss a payment plan or agree a reasonable settlement amount, otherwise the account could be transferred to a collections agency, and/or legal action could be taken. I'd urge Miss W to contact Erudio to discuss what her options may be at this stage.

my final decision

For the reasons given above, it's my final decision not to uphold this complaint. I make no award against Erudio Student Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 23 February 2017.

Elspeth Wood
ombudsman