

## **complaint**

Mr M complains that Erudio Student Loans Limited has acted incorrectly in defaulting his loan accounts and asking him to make repayments to it.

## **background**

Mr M took out several student loans with Erudio's predecessor, "S", a limited company.

Under the terms and conditions of the loan agreements as long as Mr M earned under a certain amount and was able to demonstrate this, he was entitled to defer his loan repayments. He had to apply to do this every year.

It seems that all was well for over ten years. Then, Mr M received heart-breaking news which, understandably, meant deferring his loan payments was not at the forefront of his mind. So when his last deferment period came to an end, in December 2013, it seems that Mr M didn't fill in his deferral application form in time. Although he says he did send it in the end, albeit late. And to stave off arrears running up whilst this was being sorted he also paid either S or Erudio about £400. It doesn't appear though that he told either S or Erudio about the full details of his devastating news, and why this meant he wasn't able to sort this matter out with them.

In or around early 2014, it appears that Erudio took over Mr M's loans. It said it sent a reminder to Mr M in April 2014 telling him he needed to pay it. But, unfortunately, also around about this same time it realised that there were some unrelated issues with some of the loans it owned including Mr M's. It said though, it wrote to tell him what was going on, although it stopped chasing him for payment.

Two years later, and as far as Mr M is concerned, out of the blue, Mr M found out that his loans had been defaulted. Also he'd lost the right to defer his repayments and Erudio was asking him for money, which he told us, he didn't have. He thought this was particularly unjust, not only because he thought he was entitled to defer, and had tried to do so. But because of the ongoing emotional devastation he was experiencing. He also mentioned Erudio had never sent him the documents he needed to defer his repayments. And when it did contact him, the letters it sent, took so long to reach him that the deadlines it gave him were too close for him to do anything about.

Our adjudicator sympathised greatly with Mr M's predicament. But in the circumstances, he thought he'd no proper basis to ask Erudio to take any further action.

Mr M rejected this recommendation and asked that an ombudsman take a fresh look at his complaint. In summary he repeated some of the points he'd already made about Erudio not sending him a deferral application form and the payment he'd made either to it or S.

He wanted to know what had happened to his accounts in the last two years when Erudio stopped asking him for payments. He said he'd got a letter from Erudio admitting it had made a mistake.

Further he didn't think it reasonable, in the circumstances that the onus was on him to chase up Erudio. In any event he didn't think it provided the level of customer service he was entitled to expect.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr M has been brave enough to tell us about an extremely traumatic event, and I thank him for doing this. I have to take account of what Erudio knew, and if, in this context, its actions were fair. I certainly have no desire to make an already awful situation any worse for Mr M. But, I regret to say, I don't think it's fair or reasonable to uphold his complaint.

### *the part of this complaint I can't look at and why that's the case*

Mr M in part, it seems, complains about the actions of S. I say this as it seems that his deferral period came to an end when S still owned the loans. And it seems it was it he sent the deferral application form to so I think he needs to complaint to it about that.

I wouldn't have expected Erudio to look over the history of deferment in detail when it took over the loans. When Mr M contacted it regarding the arrears, Erudio explained why they're on the accounts. I don't think it needed to do more.

### *did Erudio do enough to help Mr M?*

That said, I would've expected Erudio to help Mr M sort out the arrears situation once it took over the loan accounts. But it seems it did this according to its records, it wrote to him told him what he owed and why, and also tried to set up a repayment plan. It seems it did all of this before defaulting the account. I don't see anything to suggest that these records are incorrect. And even if the letters took a long time to reach Mr M I can't see that it was unreasonable, given what it knew at the time, for Erudio to expect him to respond to it, with the information it needed to get the situation sorted out. I can't see that he did this. So it seems to me, Erudio took all the steps it should've done.

So in these circumstances I don't agree Erudio should reasonably have done more.

### *what about Mr M's responsibilities?*

I also think this was a two-way street. I say this because, I think he also ought to reasonably have known that his last payment deferral period ended in December 2013, he'd been deferring for years. So I think it is reasonable to say he should've known the ins and outs of the deferral process in general, in so far as it related to him.

As far as I'm aware when he deferred in 2012 he would've been told when in 2013 that deferral period was going to end. And it seems that he was, also, told in early 2014, that the 2012-2013, deferral period had ended. For all of these reasons I'm saying that he was on notice.

Further, although he said he thought he had deferred after December 2013 because he sent in the relevant form, he never received any acknowledgement that his deferral had been accepted. And I think he should've known that if he'd have been accepted for the deferral he would've received an acknowledgement. But it seems he never did.

For all of these reasons, I think, Erudio did nothing wrong in asking him to make repayments and defaulting his loan in line with the relevant terms and conditions.

That said, Mr M tells us he has no way of paying back any of the money Erudio says he owes. If he is experiencing financial difficulties, Erudio is obliged to treat him positively and sympathetically. If he thinks it isn't doing so he should complain to it first. But, ultimately he could also complain to us too, should they reach an impasse.

*why it seems that Erudio stopped asking Mr M to pay the arrears for a period of time and what might've happened to his payment*

Lenders have to comply with relevant legislation. For a while Erudio found out it hadn't done this. It was a technical matter. I can see, according to its records and based on what Mr M says, Erudio did write to Mr M to tell him this. Its letter was written very formally, but I think it was clear. And I'm satisfied that even with this going on in the background, if Mr M had contacted it about sorting out the arrears situation this would've been dealt with. I say this as it seems that the technical breach by Erudio didn't stop it from going about its day to day business of managing accounts.

Mr M asks what happened to the money he paid to S or Erudio. It says the last payment received on his account was in 2013 for £600 this might be the money that Mr M is thinking of.

*very special circumstances*

However, Mr M did write to Erudio and mention his very particular extreme circumstances. As far as I'm aware he did this only once. And he didn't follow this up and provide any further details. It may have been that Mr M was so upset by his situation that he just didn't have the energy to do this.

Erudio though can only take into account the things that it knows about and which have been backed up by relevant information. I think it's likely that if Mr M were to provide further details that support what he says, Erudio might think about looking at his complaint again.

In some circumstances we might be able to get this information. But that's very unlikely to be the case here we don't have enough to go on and some of the information will be highly confidential. I suggest Mr M should contact Erudio directly to find out what it would like to see as supporting information.

Now if Mr M does provide sufficient details and Erudio does not change its mind. Then in those very limited circumstances, I think Mr M could raise a new complaint. He'd need to complain to Erudio first, but, ultimately, if they couldn't find a way forward together, he could complain to us about this.

### **my final decision**

My final decision is that I don't uphold the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 March 2017.

Joyce Gordon  
**ombudsman**

