

## **complaint**

Miss J has complained that Erudio Student Loans Limited ('Erudio') won't defer her student loan repayments.

## **background**

Miss J wanted to put off repaying her student loan for a year. Erudio said she couldn't do this because her gross monthly income (including benefits) exceeded the deferment threshold.

She said Erudio's calculations were wrong because it treated her pension contributions as part of her gross earnings, but they're not treated like that on her payslips.

Erudio said it had to include any pension or employee benefits as part of her gross earnings.

Miss J didn't agree with this decision and brought her complaint to this service.

Our adjudicator explained that Erudio was correct to include pension contributions in gross earnings.

But Miss J was still unhappy. She said it's unfair to treat pension contributions as part of her pay because this is money she doesn't have access to. And she's asked for an ombudsman's 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.

The law states that Miss J can defer her student loan repayments if her gross monthly income doesn't, or is unlikely to, exceed the deferment threshold.

Miss J says her pension contributions push her just over the threshold and they shouldn't be included. She said that instead Erudio should use the figures for gross earnings in her payslips.

I understand her pension contributions have been deducted for tax purposes, which is why they aren't included in the figure for gross earnings in her payslips, but a different law applies to tax calculations.

The law on student loans says 'gross income' is income from all sources before tax or other legal charges. And Erudio's application form clearly describes 'earnings' as the amount the employer pays before any deductions, such as income tax, national insurance, pension contributions, childcare vouchers etc.

I understand why Miss J thinks her pension contributions shouldn't be treated as gross earnings: it's not as if they're cash, which she can use to repay her student loan. But, Erudio has to follow what the law says.

Miss J also said Erudio counted her pension contributions twice, as it's already included in her basic pay but she thinks it was counted again because it appears as a separate item in her payslip. I don't think she's right.

For example, according to Miss J's February payslip, she received:

Basic pay	1, 764.00
You choose allowance	25
Flexi holidays	-33.92
SRP Employers	259.40
SMARTSRP	-89.45

If we disregard the itemised figures for flexi-holidays and SMARTSRP, her gross earnings were £2048.

This is the same figure arrived at by Erudio in its calculations, and it used the same approach to Miss J's earnings for March and April.

Based on this information, I don't think Erudio's done anything wrong. And while I know this will be disappointing for Miss J, I hope I've explained why I can't ask it to change its calculations.

### **my final decision**

My final decision is that I won't be asking Erudio Student Loans Limited to defer Miss J's student loan repayments.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 13 June 2016.

Razia Karim  
**ombudsman**