

## **complaint**

Mrs P's complaint is that Erudio Student Loans Limited ("Erudio") is pursuing her for loan arrears when she's eligible for a write-off.

## **background**

In 1995 Mrs P took a £3,000 student loan. However, since graduating she's never been earning enough to repay it, so she deferred annually until May 2012. After that she moved house, and had no contact with Erudio or its predecessor, so she stopped applying for the annual deferments. Because of this Erudio contacted her in 2015 about the arrears on her account.

As Mrs P hadn't heard from Erudio before 2015, and she'd reached the age of 60 by this point, she thought the loan would be written-off (as part of Erudio's terms and conditions). So she now wants Erudio to stop pursuing her for payment.

Erudio's said that although Mrs P is now over 60, and in normal circumstances her loan would be written-off, that because she fell into arrears before this event was triggered she's not entitled to it.

Mrs P brought her complaint to this service, and our adjudicator looked at all the evidence. She thought that Mrs P needed to take some responsibility for the loan as she must have known after moving house that the loan still existed and needed to be dealt with, whether by repayment or deferment. The fact that she wasn't receiving any correspondence about the loan didn't mean she didn't still owe the money.

However, she felt that on looking at the wider circumstances of the complaint, Erudio wasn't acting reasonably. She said that it was clear that Mrs P has never, and likely would never, be in a position to repay the loan. And that had she dealt with the matter properly in the first place she'd have contacted Erudio and continued to defer, as she'd done from 1996 to 2012.

She said that on the basis that Mrs P could never pay, it didn't seem fair or practical to continue to chase her for arrears, particularly against a background where her age qualified her for a write-off anyway.

So she said Erudio should now write-off the loan.

Erudio didn't agree, so the complaint's come to me for a 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.

Having done so, I think our adjudicator was right to recommend the loan be written-off.

I've looked at Erudio's reasons why this shouldn't happen, but I'm afraid I'm not persuaded. Whether or not the terms and conditions support a customer with existing arrears being eligible for an age-related write-off or not, I don't think the approach it's taking makes any sense, and it's clearly putting process before people.

I do agree that Mrs P didn't help herself after 2012 which is when she last deferred her loan. Of course she must have known it still existed, and needed to be dealt with, and she failed to take appropriate action.

However, that doesn't change whether or not she could repay the loan. I'm satisfied that she couldn't at any point, and still can't now. So Erudio continuing to chase her for arrears that she can never repay seems to me to be throwing good money after bad.

While I can't disagree with Erudio's technical interpretation of its terms and conditions, I don't think that interpretation's fair here. So for this reason I'm going to ask that the loan be written-off.

I won't however be asking Erudio to pay any compensation to Mrs P, in recognition of her own contribution to this series of events.

#### **my final decision**

My final decision is that to resolve this complaint Erudio Student Loans Limited should write-off all outstanding sums due on Mrs P's loan, and stop pursuing her any further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 19 September 2016.

Ashley L B More  
**ombudsman**