

## **complaint**

Mr T has complained Erudio Student Loans Limited didn't tell him he'd got arrears and then couldn't be clear what arrears he had.

## **background**

Mr T got in touch with Erudio as he understood being 50 he could get the outstanding balance of his loan written off. Erudio told him he had arrears which he had to pay off first. After a number of discussions, Mr T wasn't sure exactly how much he owed Erudio so he complained to the ombudsman service.

Our adjudicator felt Erudio hadn't been clear about Mr T's arrears. He thought if Mr T had always known about the arrears he'd have taken steps to clear them. He asked Erudio to accept Mr T's monthly payments going towards his arrears and then clear his balance.

Erudio made an alternative offer to Mr T. He could apply to defer his loan for a further 12 months which would extend the maturity date and, in the meantime, pay off his arrears. Erudio would also ensure no arrears had been added after the end of his last deferral. They offered Mr T £100 for the trouble this had caused him

Mr T felt he was no longer eligible for a deferral so this meant his balance would continue to increase whilst he was paying off the arrears. He didn't want to accept this offer. As Erudio didn't agree our adjudicator's proposal, this complaint has been passed to an ombudsman.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no dispute Erudio weren't clear to Mr T what his arrears were. I've listened to the phone calls and I see why he was still confused about the status of his loan afterwards. On different occasions Mr T was told his arrears were different. There was £128.15 worth of charges added to £871.18 of arrears but I can't see an adequate explanation of the charges and why they were applied. I agree with our adjudicator £128.15 should be written-off.

The main issue is whether Mr T knew about his arrears before he contacted Erudio to ask about his loan being written off because of his age. I don't doubt Erudio believes 11 letters were sent to Mr T between 1999 and 2003. As they say it would be odd if they all went astray.

But it's more than likely Mr T moved house within this time period. Obviously he's responsible for making sure the loan company had his correct address details. On balance based on what I know about Mr T, I believe he would have. What I can't tell and neither can Erudio because of the time that's passed is what his loan company did with that information. And if the letters about arrears were being sent to the correct address. I don't think this can be the case.

Mr T applied to defer his loan in 2003 and what I can't find is any evidence he was told then what the status of his account was. If he'd known I believe he'd have taken action over the next 10 years – when his loan was deferred – to pay off those arrears. He only really found

out late last year when his deferral stopped. After all he has more recently been paying £20 a month. He thought he was paying off his balance but I'm not sure it was.

Mr T is not able to defer his loan now. He has confirmed to us he's more than willing to pay off the arrears and then arrange to get the rest of his balance written off. This doesn't seem unreasonable. He is able to get his loan written off after he'd reached 50, as long as there are no arrears. But he can't afford to pay the arrears and keep up payments to ensure his outstanding balance doesn't increase again.

As I believe Mr T would have taken action to pay off his arrears if he'd known about them, and the right to get the rest of his loan written off when he reached 50, it's fair for Erudio to allow him to pay off his arrears. In the meantime, Erudio need to ensure his outstanding balance doesn't increase so this can be written off once he's paid his arrears. It's not unreasonable to allow Mr T some time to do this.

I believe Mr T has found this all pretty worrying over the last nine months or so. He was hoping he was getting to the end of his debt and found there was more of it than he'd realised. I agree Erudio should pay him £100 for the problems this has caused him. I leave it to Mr T whether he wants this to go towards repaying his arrears.

#### **my final decision**

For the reasons I've given, my final decision is to instruct Erudio Student Loans Limited to:

- Write off £128.15 of charges added to Mr T's arrears;
- Ensure Mr T's monthly repayments are used to pay off his arrears of £871.18 from May 2015 onwards;
- Cancel Mr T's outstanding student loans when his arrears are paid off;
- Ensure no adverse data about Mr T's arrears remain on his credit record; and
- Pay him £100 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 21 September 2015.

Sandra Quinn  
**ombudsman**