

complaint

Miss S complains about the way Erudio Student Loans Limited has handled her application to defer repayment of her student loans.

background

Miss S's student loans were sold to Erudio in 2013. Miss S initially complained that Erudio had failed to provide her with a copy of her credit agreements and she did not acknowledge the debt. Miss S tells us that this issue is now resolved.

Miss S is unhappy with the way that her deferral application has been handled by Erudio, in summary she says;

- Erudio refuses to process her deferral application, unless she completes its deferment application form (DAF).
- Erudio are incorrectly calculating income.
- Erudio did not put her account on hold despite her ongoing complaint. She feels it has harassed her for repayment.

Our adjudicator did not think that the complaint should be upheld. She felt that Erudio was entitled to ask Miss S to complete its DAF, in order to process her deferral. In addition the adjudicator concluded that Erudio was entitled to include welfare benefits in its gross income calculation. She did not think that Erudio had harassed Miss S for repayment.

Miss S did not accept the adjudicator's view; she maintains her stance and has asked for an ombudsman to review her complaint.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold the complaint.

I hope that Miss S does not think that I am being dismissive if I do not respond to every point she has raised. My role is to look at the complaint as a whole and focus on the issues affecting the outcome of her complaint.

If Miss S wants to defer her loan she should complete Erudio's DAF

Miss S says that she has refused to complete the DAF because it is asking for more information than was previously required by the previous owner. She also says that by completing the form she would be agreeing to Erudio's changes to the original terms of the agreement. Miss S says that she has provided Erudio with two completed deferral forms (in the previous owners' format) and given it enough information to process her application, but it insists that she must complete its own DAF.

Its Erudio's operation policy to ask borrowers to complete its own DAF; I've looked at the loan agreements and from what I've seen, the method of deferral is not part of the terms and conditions. Because of this, I do not think that Erudio is changing the terms of the loan by asking Miss S to complete its own DAF. Because of this I can't say that Erudio is wrong to refuse to accept a deferral application in a different format.

Miss S says that she does not wish to complete the DAF because it includes giving her consent to Erudio conducting credit searches and reporting her deferral information to the credit reference agencies. From what I've seen Erudio is entitled to process and share information about pre-1998 loans without further consent.

With respect to loans taken out after 1998, deferral information will not be reported unless the borrower gives consent. If consent is refused Erudio is only entitled to report accounts in arrears or default. Erudio has recently updated its DAF to reflect this.

Erudio is entitled to include certain welfare benefits in the gross income calculation

Miss S says that the relevant regulation excludes housing benefit and child tax credit from being treated as income. She says that the previous owner did not include these benefits in its income assessment.

From what I have seen, the only benefits excluded from the income assessment are disability related benefits. I cannot see anything that prevented the original owner from also including these benefits, but it appears it chose not to. I do not think that Erudio's change in approach, changes the terms and conditions of the loans and it is under no obligation to follow the practice of the previous owner. It follows that I don't uphold this part of the complaint.

Erudio are not obliged to put the account on hold whilst a complaint is ongoing

Miss S says that her account is in arrears because Erudio did not put the account on hold, whilst her complaint was ongoing and because it delayed processing her deferment.

As I have already explained, I cannot say that Erudio were wrong in not accepting Miss S's deferral, in a different format. In addition Erudio is under no obligation to put an account on hold whilst a complaint is ongoing. However, Erudio has offered as a goodwill gesture to backdate Miss S's deferral to when her last deferment date ended, on the condition that she is eligible to defer her loans, and she returns a completed DAF. Erudio has also confirmed that it has not recorded any adverse information on Miss S's credit file.

I think this is fair in the circumstances and I do not think Erudio has to do anything else.

Whilst I accept that Miss S may have found Erudio's requests for repayment stressful, I do not think that its contacts amount to bullying or harassment, I do not uphold this aspect of her complaint.

I appreciate that Miss S will remain unhappy with my decision; however I have no grounds to require Erudio to do anything else. I leave it to Miss S to decide whether she will now complete and return Erudio's DAF.

my final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss S to accept or reject my decision before 27 July 2015.

Karen Dennis-Barry

ombudsman