

complaint

Mrs B complains that she shouldn't have been sold a loan now owned by Erudio Student Loans Limited because she was only 16 years old at the time.

background

I attach my provisional decision of 8 July 2016, which forms part of this final decision.

In my provisional decision I set out what I didn't think Erudio had done anything wrong. I asked both parties to provide any further comments before I reached a final decision. Following this, neither side have provided anything new for me to look at.

my findings

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

As neither party have provided any new evidence or arguments for me to look at, I see no reason to change the conclusions set out in my provisional decision. So I don't uphold Mrs B's complaint.

my final decision

For the reasons given in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 5 September 2016.

Lauren Long
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mrs B complains that she shouldn't have been sold a loan now owned by Erudio Student Loans Limited because she was only 16 years old at the time.

background

Mrs B took out a student loan with a third party in 1996. The loan was sold to Erudio a few years ago.

Mrs B says it was unethical to sell her a loan at 16 years old. She also says she was told she wouldn't have to pay back the loan. Mrs B either wants the loan to be written off or for at least the interest to be taken off the debt.

Erudio doesn't agree with Mrs B and says that she was allowed to enter into a contract at 16 years old, and that it's entitled to ask for repayment.

An investigator looked into this complaint and didn't think that Erudio needed to do anything. Mrs B was unhappy with this, and emphasised that she wanted us to consider whether or not being sold the loan was ethical.

my provisional findings

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

I know Mrs B feels strongly that being given a loan at 16 years old isn't ethical. I can appreciate why, looking back, Mrs B doesn't feel she really understood at the time the consequences of taking the loan.

But Erudio didn't sell Mrs B the loan. So what I really need to decide here is whether it's fair for Erudio to pursue Mrs B for repayment of the loan. And having considered everything, I think it is – and I'll explain why.

Mrs B originally questioned the legality of the loan because of her age at the time. But it looks like Mrs B was able to enter into a contract at 16 years old in Scotland.

Mrs B also said she remembered being told that she wouldn't have to pay back the loan. I accept that might have been the case. But I've also taken into account that Mrs B has deferred her loan annually for over 15 years. If she'd been told she didn't have to pay back the loan I would have expected her to query this much sooner. And looking at the loan agreement she signed – I think it would have been clear that she was taking out a loan and that it would need to be repaid.

Ultimately Mrs B has had the loan, so I don't think it's unreasonable for Erudio to now ask her to pay it back.

I know the outcome I've reached will be very disappointing for Mrs B, but I hope my explanation makes clear why I've reached this conclusion.

my provisional decision

For the reasons I've explained I don't intend to uphold this complaint.

I'll now give both parties two weeks, until 22 July 2016, to think about what I've said and provide me with any further comments before I reach a final decision on this case.

Lauren Long

ombudsman

