

complaint

Miss C complains that Erudio Student Loans Limited (ESLL) ended her loan agreement because she fell into arrears. Miss C considers the lender treated her unfairly.

background

Miss C had a student loan with ESLL, which she's deferred for a number of years. She wanted to defer the loan again in 2017, but suffered a bereavement around the time that the paperwork had to be completed, and the deferral didn't take place.

Miss C didn't hear anything else from ESLL until August 2018, when it told her the deferment had ended and the account was in arrears. ESLL also sent Miss C a '*Remedy of Account*' pack in September 2018, enclosing statutory notices it had failed to send her about the arrears on her account.

Miss C contacted ESLL in September 2018 and the lender told her what she needed to do to stop the account from terminating. Miss C didn't meet ESLL's requirements within the necessary timeframe, and her account defaulted.

Our investigator didn't recommend the complaint should be upheld. He acknowledged that Miss C had been through a distressing time, and that it would've been difficult for her to focus on her financial matters.

But the investigator considered ESLL had contacted Miss C on several occasions before her account defaulted. And there had been more than a year between ESLL asking Miss C to bring her account up to date, and the termination of the account. The investigator accepted there had been a gap in ESLL's correspondence with Miss C, but he didn't consider this had been a disadvantage to her.

Miss C had also complained that ESLL prevented her from making a complaint about her account. But the investigator didn't consider a complaint by Miss C would've prevented ESLL defaulting the account.

Overall, the investigator didn't find that ESLL had acted unreasonably.

Miss C didn't agree with the investigator's conclusions so the complaint has been passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my conclusions on the balance of probabilities – that is, what I think is most likely to have happened in light of the available evidence and the wider surrounding circumstances.

I have every sympathy for the loss Miss C suffered in 2017, and can understand why she might not have prioritised her finances while she was coming to terms with what had happened.

Miss C has told me she thought she'd successfully deferred the loan in 2017, so she didn't pay particular attention to the letters she received from ESLL during the summer of that year. The letters were to tell her that ESLL needed more information before it could process her deferral application. When the information didn't arrive, ESLL also wrote to Miss C in August 2017 to tell her that the deferment had ended and that the account was in arrears.

ESLL has admitted that a breakdown in its own processes meant it didn't send Miss C some of the statutory notices it should've done about the arrears on her account. This meant Miss C didn't find out about the status of her account until September 2018. I can understand why she might consider that if ESLL had sent her the notices as it should've done, she could've taken action to protect the account sooner.

I'm mindful, however, that once Miss C became aware of the situation she contacted ESLL on 21 September 2018. I've listened to the call between ESLL and Miss C. ESLL told Miss C that she could still defer the account, but that this would need to be done by 9 October 2018 – which was the default deadline.

Miss C was in the middle of preparing her tax return for the tax year 2017/18. ESLL suggested she submitted her return for 2016/17 with her deferral application immediately. This was because once the application was received it would go into a queue, and it would take around fourteen days for a decision to be made. A decision was required before 9 October to avoid the account defaulting.

As there were arrears on the account, ESLL said it couldn't look at these until the deferment was set up.

Miss C says she was left with the impression she would have to settle the arrears for the year that the deferment hadn't been in place. She says this is why she didn't contact ESLL again until after 9 October, because she wasn't in a position to pay the arrears. Miss C says ESLL didn't give her any guidance about how to dispute its processes.

I've noted everything Miss C has said. ESLL told Miss C it would need to discuss the remaining arrears once the account had been deferred. It said it couldn't look at an age-related write-off on the account until the arrears were cleared. But I'm not persuaded that ESLL told Miss C she would have to clear all the arrears in order for the loan to be deferred.

Miss C didn't complete ESLL's requirements for deferring the loan in time. So I don't think it was unreasonable for the business to take the default action it did in connection with her account.

Miss C considers ESLL should've given her better guidance on how to challenge the way in which it was treating her account. But even if Miss C had made a successful complaint about ESLL's handling of her account, I haven't been able to safely conclude that this this would've stopped the account from defaulting.

I realise that my decision will be disappointing to Miss C, but I hope that my explanation will help her to understand why I've reached the conclusions that I have.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 17 August 2019.

Caroline Stirling
ombudsman