

complaint

Mr H complains that Erudio Student Loans Limited acted incorrectly when it refused to defer his loan repayments. He also complains that when he tried to sort this out, it merely mentioned taking him to court rather than trying to engage with him.

He thinks it's unfair that he's now lost his right to defer his repayments because his contract with it has been terminated.

Mr H would like the arrears written-off, the right to defer his repayments to be reinstated and the termination of the contract to be reversed.

background

Mr H said he'd been deferring his loan repayments for years, with no problems, until Erudio took over the ownership and administration of his loan. He said he sent it everything it needed to consider his application to defer in 2014. And, since he heard nothing further from it for years, he reasonably, thought there was no issue, only to be told, out of the blue, in 2016 that he owed Erudio arrears and it had ended the agreement.

He said despite hearing nothing from Erudio between early 2014 and mid 2016 he chased it during this period. He sent several correctly addressed letters to which he got no response. Further, he tried calling it on several occasions. But the calls were expensive because he had to wait around for a response for far too long; so, he'd ended the calls before he got to speak to anyone.

Erudio said it told Mr H by letter in 2014 that it couldn't accept his application as it needed more information, including information about his bank account. It said because it didn't hear back from Mr H, and because he'd not deferred his repayments, he began to run up arrears. It said it never received the several letters Mr H told it he'd sent it. And its position was that as he'd breached the terms of the agreement, it was entitled to act as it had done.

It explained that because there had been some technical breaches of relevant law it'd not actively chased him for the arrears for a while. However, it said, he should still have known that he was in arrears on his loan repayment. It said this because it had kept on telling him from 2014 onwards that he had run up arrears. It said it sent him several correctly addressed letters about this.

Dissatisfied Mr H came to us.

Our investigator said, it seemed Mr H hadn't given Erudio all the information it needed, including his bank account details. As a result, our investigator thought, on balance, Erudio had done nothing wrong. So he thought he couldn't fairly ask it to do anything else.

Erudio accepted this recommendation. Mr H didn't. In summary he repeated, he'd sent the relevant information to defer his repayments in 2014, but Erudio had lost it. He didn't give it his bank details as he only had a joint account and the other joint account holder wouldn't agree to give Erudio the account details.

He explained there was no way he would've been able to supply alternative account details by opening a sole account. And in any event, he'd not needed to supply his bank account details, as Erudio was accepting payments from him now without account details. So it followed, it could've processed his request to defer back in 2014 without his account details.

He reiterated that it had ignored his letters. And he pointed out that he'd never received Erudio's letters. And he also mentioned that Erudio itself had said it had suppressed the normal letters it would've sent out because of the technical breach it had talked about.

Mr H underlined that he never earned enough during all this time to have to repay his loan anyway.

Finally he thought because Erudio had ignored his letters and because of his recent experiences with a third party, we had enough evidence to conclude that Erudio was not up to scratch when it came to administering accounts like his one. Mr H asked that an ombudsman take a fresh look at his complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've finished looking at Mr H's complaint. I realise it's likely I'm going to disappoint him, I regret that, but I'm not upholding his complaint. Please let me explain why.

Mr H and Erudio don't always agree about what happened here. Where this happens I've got to decide which version of events I find the most likely.

I'm happy to accept that any correctly addressed letters sent by Mr H or Erudio did, most likely, get delivered, even though I can't say why it is that Mr H and Erudio didn't receive them.

It seems things went wrong with this relationship in 2014 when Mr H says he sent in all the information required to defer and Erudio says he didn't. But I think it likely as I already said that Mr H did send in the information that he tells us about.

The problem is that when I look at that information, I see the information is incomplete. Mr H didn't provide his bank details. And from what he says he never would've done. And that was a key requirement here.

And also I think he ought to have known that Erudio wanted more information. I say this because its records show it wrote him a correctly addressed letter telling him this.

It's truly unfortunate that in the intervening period Erudio didn't receive Mr H's chasing letters. And he didn't receive its letters telling him he was in arrears.

But even if these letters had been received what would, most likely, have been the result? It seems Erudio would've wanted his bank account details and he wouldn't have felt able to give them because of what the other joint account holder was saying.

Further it seems unlikely he would've opened a sole account. He tells us this is because an account would require fees that he couldn't afford. I'm not sure that is the case, as far as I'm aware there are free current accounts available. But I accept Mr H didn't realise this.

Given what Mr H and Erudio have told us about their positions, I don't see how it's likely that this point would've been resolved so as to allow the deferral application to go ahead. Erudio may be accepting payments now from Mr H without the bank account details it asked for before. That doesn't necessarily, by itself, mean it would've accepted a deferral application without bank account details in 2014. I've not seen information to show that Erudio generally shows flexibility on this point.

It seems the loan has run up arrears. And because of this, the contract has been terminated in line with the relevant terms and conditions. Mr H agreed to these terms and conditions in agreeing to the contract. In the circumstances I don't agree it's unfair that Erudio is relying on those terms and conditions now.

That said, I can see that all of this is upsetting for Mr H, especially since he comments, he has been told that it's "*convenient*" that all this has happened around the point where he might've expected to get the whole of the loan written-off due to his age.

For the reasons I've gone through above, it's not fair and reasonable to ask Erudio to take any further action.

my final decision

My final decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 April 2017.

Joyce Gordon
ombudsman