

complaint

Mr J complains that Erudio Student Loans Limited (Erudio) is unfairly requesting repayment of his student loan and this is causing him stress.

background

Mr J had two student loans with a third party, which Erudio has taken over. The loans were last deferred between November 2004 and November 2005. As Mr J didn't apply to defer his loan after this deferment period ended, his account entered repayment. This meant that Mr J had five years to repay his loan in full. As this wasn't done Mr J's balance became due in full and his account was defaulted in 2010.

Mr J complained to Erudio, he told them he is on a low income and thinks it's unfair that it won't allow him to defer making payments.

Erudio explained that Mr J's loans reached maturity because he didn't make repayments or defer his loan during the five years after his last deferment period ended. As his loans have matured he has lost his right to defer them. Erudio advised that the loan balance was due in full, but said it would agree a repayment plan with Mr J.

Mr J bought his complaint to our service. Our adjudicator didn't recommend the complaint was upheld. She didn't think Erudio had done anything wrong.

Mr J disagreed; so the complaint has been passed to me for a final decision.

my findings

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

Mr J has recently raised concerns about Erudio failing to send him deferment applications forms (DAF's) and its record keeping. Mr J will need to raise these new issues with Erudio first, to give them a chance to respond. So I won't comment further on these issues in this complaint.

I sympathise with Mr J's financial circumstances, but even if his income is below the deferment threshold, in accordance with the terms of his agreements he has lost the right to defer his loans. This is because he didn't apply to defer his loans or repay the loan within five years of his deferment period ending, in November 2005. So I don't think Erudio has made in error in not allowing Mr J to defer his loans.

I appreciate that Mr J has found Erudio's letters and emails requesting repayment and advising him of possible legal action to be stressful. However, Mr J's account balance is now due in full, so Erudio is entitled to contact him to request the repayment and I don't think Erudio's actions amount to harassment.

Mr J has explained that he can't afford to repay the £7 per month repayment he proposed, because he has to pay an international transfer fee on top, as he lives abroad. Given Mr J's financial difficulties we'd expect Erudio to treat Mr J fairly.

Erudio accepted Mr J's previous repayment proposal and is still happy to consider another proposal from him. I know Mr J wants to postpone making any repayments, but he has lost his right to do this. Taking everything into consideration I think Erudio has treated him fairly.

I know Mr J will be disappointed with my decision, but overall I don't think Erudio has been unreasonable. Eurdio has said that it is happy to work with Mr J towards a repayment plan to clear the outstanding balance. I think it's important that Mr J gets in touch with Erudio to see if there's a solution to him having to pay international transfer fees.

my final decision

My final decision is I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 29 August 2017.

Karen Dennis-Barry
ombudsman