

## **complaint**

Ms Y complains that Erudio Student Loans Limited are pursuing her for loan arrears when she's eligible for a write-off.

## **background**

Ms Y has had her student loans for some years. The loans were taken out with another company, before being transferred to Erudio. She says she expected that they would be written off on her 50<sup>th</sup> birthday. However, when she reached 50 Erudio told her she didn't qualify for a write off because she was in arrears. Ms Y couldn't understand why her account was in arrears as she'd never earned enough to start repaying the loans. She says the loan provider would have been aware of this because she'd requested deferment forms and had told them about her level of income through the years.

Erudio rejected Ms Y's complaint. They said the only way Ms Y would have been eligible for an age related cancellation would be if she'd deferred repayment continually up to her 50<sup>th</sup> birthday. Their records showed that she'd last deferred in 2002.

The adjudicator didn't uphold the complaint. She explained that because Ms Y hadn't met her obligations by either deferring or making payments, Erudio weren't bound to write the debt off when she reached 50. Ms Y said she had made some payments when she could and asked for an ombudsman to consider her 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'm aware that I've summarised the events of the complaint. I don't intend any discourtesy by this - it just reflects the informal nature of our service. I've concentrated on what I think are the key issues. I can assure Ms Y, and Erudio, that I've read everything that's been sent. So if I've not mentioned something it's not because I haven't considered it. It's just that I don't think I need to comment on it in order to reach what I think is a fair and reasonable outcome. While I know Ms Y will be disappointed I think that the adjudicator's decision was the right one. I'll explain why.

The terms of the loans said that the requirement to make payments would end when Ms Y reached 50, but only if she was not in breach of any obligation. Obligations would include either making payments when they were due, or alternatively deferring if her income was below the threshold. Ms Y says she would have been entitled to defer because of her low income.

After 2002, the records show Ms Y didn't make any deferral requests. She's told us that she was doing a new course, and that she'd called the loan company to ask for deferral forms but they never arrived. She says during the calls she told them of her low income so, in any event, they should have known she'd be eligible to defer.

It's important to note that there is no absolute right to defer loan payments. The right to defer is based on proving entitlement to do so by giving the required information. This is normally by completing a form and submitting paperwork in support if necessary, but the process is a matter for the business. Ms Y had deferred in the past and so it's reasonable to assume she

was aware of the need to both:

1. defer if her income was below the threshold; and
2. follow the process.

There is no record of the calls Ms Y says she made. I think it's likely that if contact had been made by Ms Y then this would have been recorded by the business. So I'm not satisfied that Ms Y did make contact with the loan company to request deferral forms and to tell them of her circumstances and income. But even if she had, that wouldn't entitle her to deferment of the loan because telling them on the phone is not in line with the business's processes.

Ms Y has told us that she did make some payments when she could. I can see some payments were made to a debt collection company but I've seen nothing to suggest that this related to her student loan. It may simply be that Ms Y has got confused about which debts were covered by that payment.

I think that Ms Y may have meant to defer her repayments and assumed, based on past experience, that she'd be entitled to do so. But, since she didn't actually follow the deferment process, it's not unreasonable for payments to have been requested. When they weren't made, arrears built up and those arrears mean she's not eligible for the write off on reaching 50. I don't think it would be fair for me to hold Erudio responsible for Ms Y's failure to follow the process in these circumstances, and I'm not going to ask them to write off the debt.

I'd expect Erudio to treat Ms Y positively and sympathetically if she's in financial difficulties but for the reasons I've explained I don't uphold this complaint.

### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to Ms Y to accept or reject my decision before 7 July 2017.

Nicola Crabb  
**ombudsman**