

complaint

Mr W is unhappy that Erudio Student Loans Limited is asking him to repay two loans. He says the loans should have been written off.

background

Mr W has two student loans. These were previously dealt with by a different loan company. Mr W says he shouldn't have to repay these loans. He says he has never earned enough money to have had to start making the payments. Mr W also says that he has now reached the age where the loans no longer need repaying.

Mr W says that a default has already been recorded on his credit file for these loans. The default is no longer showing as six years have now passed. He says Erudio is now threatening to record another default for the same loans. Mr W says this is unfair.

Our adjudicator found Erudio had done nothing wrong. He thought it was able to ask Mr W to repay the loans. The adjudicator also said the default that was recorded before could be for another loan.

Mr W remains unhappy. He has asked for his case to be looked at by an ombudsman

my findings

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

As Mr W is aware, if his earnings are below the amount needed to start repaying his loans, he needs to apply for the payments to be deferred. This needs to be done at regular intervals.

I've looked at the information given to us by Erudio. It shows on one loan, no deferment application has been received since May 2007. On the other loan, there have been several gaps in the payments being deferred. One of these gaps was for over six years.

When there is no deferment in place, the payments need to be made. If the payments aren't made, the loans fall into arrears.

Mr W says that he applied for his payments to be deferred each time he needed to. But he didn't get confirmation that his deferment applications were received or accepted. Also, Mr W was sent numerous letters from the loan company that was dealing with his loans before Erudio. These letters had details of the arrears on his loans. On balance, I'm satisfied that the loan company didn't always receive deferment applications from Mr W. Mr W says he shouldn't have to repay the loans now due to his age. I've looked at the regulations. This is only the case if the borrower is up to date with his loan payments. Mr W isn't. So Erudio is able to ask him to repay them.

Mr W says that Erudio is threatening to register a default for these loans. I've seen nothing to show this is the case. The letters I've looked at from Erudio correctly tell him not to ignore the arrears. They say that non-payment may affect his ability to get credit in the future. The letters don't say that the loans are about to be defaulted.

I've not seen Mr W's credit file. So I don't know if the default he mentions relates to his student loan. He is right when he says it would be unfair to register a default twice for the same debt. But I've seen nothing that shows this is the case. Erudio is able to register a default against each individual loan, assuming it follows its correct process.

I can also see Erudio has told Mr W that if he is in financial difficulties, then he should call to talk about what options there are. He did complete a financial statement last year. But Erudio said this didn't give details of his other creditors. It says it will re-assess his situation if it gets any information from Mr W that it hasn't seen before. I think this is fair.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 September 2015.

John Miles
ombudsman