

complaint

Mrs S has complained Erudio Student Loans Limited ('Erudio') refused to defer her student loan.

background

Mrs S applied to the Student Loan Company ('SLC') to defer her student loan for the year 2014/15 but couldn't understand why Erudio was chasing her for arrears.

She complained, saying she didn't know why it was writing to her. It said it'd already informed her that SLC had assigned her loan to it and it'd sent her its deferment application form, as her deferment was due to end, but she hadn't returned it. As a gesture of goodwill, it accepted her deferment application to SLC, and wrote off the arrears.

The following year, Mrs S wrote again asking to defer her loan for 2015/16. Erudio told her she needed to complete its application form if she wanted a deferment.

Mrs S refused saying some of its questions were irrelevant. Since she didn't complete the form, Erudio said it couldn't defer her loan and she fell into arrears again.

Mrs S brought her complaint to this service. She said her letter contained all the relevant information it needed about her financial situation.

Erudio then said if she completes the application form, and is eligible for a deferment, then it would backdate the deferment and roll back her arrears to three months.

Our adjudicator said Erudio had done nothing wrong by asking her to complete its own application form and she thought its offer was a reasonable one.

Mrs S was unhappy with this outcome. She said she's not legally obliged to complete Erudio's form and all she needs to do is declare her income, which she's done.

my findings

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

Mrs S said she's already told Erudio her income falls below the deferment level. She said, based on this information, it should defer her loan.

Mrs S can defer her loan if she can show her gross income doesn't exceed the deferment level but she needs to demonstrate this with evidence. Unfortunately, I think what she provided fell far short of evidence.

She wrote a letter that simply said her husband was giving her financial support and it was considerably less than the deferment level. She didn't say how much he was paying her. The only evidence she provided was a letter from her husband that merely repeated what she'd said. Also, Erudio has to take into account any benefits she receives, such as child benefit, but she didn't mention any in her letter.

The paucity of information meant Erudio couldn't properly assess her eligibility for a deferment. It could've asked her for more information but rather than exchange letters it sent her an application form. And that's precisely why there's an application form: it's an efficient, comprehensive and convenient way to collect financial information.

Mrs S has said there's no legal requirement to complete an application form. This might be true, but since the law is silent on the process, Erudio's free to use one if it wants to. And, if she wants a deferment, then it's in her interest to fill it in.

For these reasons, I don't think Erudio has done anything wrong and I won't be asking it to dispense with its application form or write off the arrears.

my final decision

My final decision is that I won't be upholding Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 July 2016.

Razia Karim
ombudsman