

complaint

Ms J complains that Erudio Student Loans Limited has refused to write-off the loan repayment arrears she's run up. She also complains it will not agree to an age-related write-off of all of the money she owes.

Ms J is represented in her complaint by someone I'll call "Mr M". But to keep things simple I just mention Ms J in this decision.

background

Ms J said that from 2014 she has been deferring her loan repayments by simply sending in a yearly declaration about her circumstances.

She explained that she didn't fill in the form that Erudio asks its customers to fill in known as the Deferment Application Form (the "form") and she wasn't asked to. That is until May 2016 when Erudio took a different stance. Instead of accepting the declaration she sent in when her loan repayment deferral period ended in May 2016, it demanded she fill in the form.

She said she sent the completed form in two times, both in July 2016 and October 2016. But Erudio only received the October 2016 form and because her deferral period had already ended by then she ran up arrears.

She thought the way she'd been treated was unfair as Erudio had moved the goalposts and confused her with its inconsistent approach. In first accepting just her declaration and then afterwards demanding she fill in the form as well as the declaration. She suggested but for this she would've avoided the arrears altogether.

Further, she explained, in any event, she was entitled to defer her repayments due to the fact she had no earnings and was living on savings and so she was below the relevant income threshold. Because of this she had the right to defer her repayments. And she also pointed out that due to her age, under the relevant terms and conditions, all the money she owed should now be written-off.

Our adjudicator could see that Erudio's records showed she had filled in forms for both 2014 and 2015. He didn't think it likely these records were incorrect. So he thought that Ms J ought reasonably to have known she needed to fill in the form. He didn't agree Erudio had been inconsistent with her about this.

He said that Erudio's records also showed she'd been sent the form in March 2016, she'd been sent a reminder that it had not received the form in April 2016. So he thought it had done enough to remind her to send in the form.

He realised Ms J had tried to defer after the deferral period had ended. But he didn't think it was fair to say that Erudio had done anything wrong because by the time it received the supporting evidence and the form it was October 2016, that is months after the deferral period had come to an end. But he did see that Erudio was prepared to write-off three months' worth of arrears.

On this basis our adjudicator thought he had no proper basis to recommend upholding this complaint.

Ms J rejected this recommendation. She told us she had no reason to think she needed to fill in the form. She didn't earn enough to have to make the repayments. She told us about a condition she has that means she doesn't speak to people unless she has to.

I've been asked to take a look at this complaint as we've reached a stalemate.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Ms J has told us about her condition I can well understand how dealing with this matter was made harder for her because of it. And she has my sympathy. But I can only fairly tell Erudio to do the things she asks if I think it made a mistake. And I don't think that. I'll explain why I've come to this conclusion.

Ms J and Erudio don't always agree about what happened. Where that is the case, I've got to decide which version of events is the most likely.

why I don't think Erudio led Ms J to believe she didn't have to fill in the form

There's no disagreement that any borrower who earns below a certain threshold can ask to defer their loan repayments. Erudio says the way borrowers must go about this is to fill in the form. Ms J says this wasn't made clear to her. Rather she says Erudio had let her take a different approach since 2014.

But Erudio's records show she did fill in forms for 2014 and 2015, although she does not now recall this. So I don't agree, Erudio didn't make it clear enough that she needed to fill in the form, or waived this obligation in her case.

I can see that according to Erudio's records it sent the form to Ms J in March 2016 and a reminder in April 2016. She's not said she didn't receive these letters. And the fact that she then sent her declaration in May 2016 when her deferral period was due to end, suggests she did receive the form and the reminder.

why I don't think Erudio was mistaken when it applied the arrears

Given how many years she'd been deferring I think she ought reasonably to have known that if she didn't successfully defer she'd begin to run up arrears.

That said, I take on board how unfair this may seem to her as she tells us the fact of the matter was she was entitled to defer her repayments due to the level of her income. But I think it's also clear that the right to defer is not absolute, Erudio is entitled to the information it needs to assess her income. And one of the ways it does this is through asking borrowers to fill in the form.

In the circumstances I can't see anything wrong in Erudio asking for the form to be completed and returned to it. And both Ms J and Erudio agree that she didn't send the form until the deferral period had passed. And according to the relevant terms and conditions, which they both agreed to, in these circumstances arrears became due.

I've not seen the information Ms J sent to Erudio in July 2016. So it's not clear why it mightn't have received it. But it seems to have received everything else she sent. So I can't fairly say I think it more likely than not that the form and the supporting information was delivered to Erudio in July 2016.

Ms J tells us she had a conversation with Erudio in June after it told her she was in arrears. It seems in that call it told her she needed to send it the form and the supporting information and if she did, and if her application was accepted it would write off three months of arrears. So I think she ought reasonably to have known what would most likely happen if Erudio didn't get this information in time.

It tells us it now has all the information it needs to assess her deferral but since it seems it didn't get this until October 2016. I can't fairly say it should write off all the arrears run up since May 2016.

The right to have the debt written off when a borrower reaches a certain age seems only to apply if there are no arrears. Since Ms J and Erudio agreed to these terms and conditions and I think that Erudio did nothing wrong in applying the arrears, it's not fair or reasonable to ask it to write-off the debt in these circumstances.

I realise that Ms J's condition made it harder for her than for those without her condition to contact Erudio. But it doesn't seem that this chain of events started because of this. Rather it seems the problems all started because she didn't fill in the form, albeit, this was because she believed she didn't have to. So I don't think I need to ask Erudio to re-consider its stance in the light of her condition.

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 Ms J to accept or reject my decision before 24 April 2017.

Joyce Gordon
ombudsman