

complaint

Mr L complains that Erudio Student Loans Limited failed to defer his loan repayments.

background

Mr L says that he sent in Erudio all the information it needed to defer his loan repayments, but it would not process his application without him completing its deferment application form (DAF).

Our adjudicator recommended the complaint should be partly upheld. She did not think that Erudio's policy of requiring its DAF to be completed was unreasonable. However, she thought that Erudio had delayed responding to his queries and took too long to tell him why he needed to complete the DAF. Because of this, she recommended that Erudio pay Mr L £50 compensation and also remove the arrears, upon receipt of Mr L's completed DAF, if he meets the deferment criteria.

Erudio accepted the adjudicator's recommendations, Mr L did not. He said that there was no legal requirement for him to complete the DAF and he was aware that in some cases Erudio had processed deferment applications without the DAF being completed. He has asked for an ombudsman to review his complaint.

my findings

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

should the DAF be completed?

Mr L says that there is no requirement for him to complete the DAF. He has told us that he has already evidenced his income and that this would have been enough for the previous owner of the student loans, to process his deferment.

Erudio says that its policy is that borrowers must complete its DAF, so that it has all the necessary information to help it confirm that a borrower meets the deferment criteria. Whilst I accept that Erudio's commercial approach is different from the previous owner's. I do not think it has to follow the previous owner's approach nor do I think it is unreasonable for Erudio to ask borrowers to complete the DAF.

I can't comment on individual cases where Erudio may have processed deferments without a DAF being completed, this would be a commercial decision for the business. This service is unable to ask Erudio to change its policy or to instruct it to process Mr L's deferment without the DAF being completed. It follows that I don't uphold this part of the complaint.

Erudio's handling of Mr L's concerns

I don't think that Erudio handled Mr L's concerns about completing the DAF, very well. It sent him standard letters, rather than explaining why it needed him to complete the DAF. If it had answered Mr L's queries at the start, then Mr L may have completed the DAF from the outset.

Erudio has agreed that if Mr L completes the DAF and his deferment application is successful, to remove the arrears, as if a new deferment period began on 15 May 2014. In the circumstances, I think that this is fair. I also think that it should remove any adverse information it may have recorded on Mr L's credit file, since May 2014 in relation to the arrears.

I think that Mr L should now do his part to progress this, by completing the sections of the DAF as outlined by Erudio in its letter July 2014 and returning it to Erudio within 28 days of accepting my decision.

I also agree that Erudio should pay Mr L £50 for distress caused.

my final decision

My final decision is that Erudio Student Loans Limited should – provided it receives a completed DAF from Mr L within 28 days of his acceptance of my final decision and Mr L meets the deferral criteria;

- remove Mr L's arrears, as if Mr L's new deferral period started on the 15 May 2014, immediately after the previous deferral period ended and amend its records to reflect this.
- remove any adverse information it may have registered on Mr L's credit file since May 2014, in respect of the arrears.
- pay Mr L £50 for the distress caused.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 6 July 2015.

Karen Dennis-Barry
ombudsman