

complaint

Mr D complains Erudio Student Loans Limited didn't act on his requests to update his address and defer his student loan repayments. He's unhappy it closed his account, won't let him defer his repayments and asked him to repay his loan in full.

background

In 1999 Mr D took out a student loan with a company I'll refer to as 'the original lender'. The loan terms and conditions said:

- Mr D was required to make monthly repayments.
- The lender could ask Mr D to repay the loan in full if he didn't make the repayments due.
- Mr D could apply to defer his monthly repayments, as long as his income was below a certain level and the lender hadn't already asked him to repay the loan in full. This meant that if the lender accepted his deferment application, Mr D wouldn't need to make any loan repayments for a twelve month period.

Mr D's student loan transferred from the original lender to Erudio in March 2014. About a month later Mr D sent Erudio a deferment application, which Erudio accepted. This deferment was due to end in May 2015 and Erudio says that a few weeks before this, it sent Mr D a further deferment application form to the address it held for him at the time.

Erudio says Mr D didn't return this application and so his monthly repayments became payable again in May 2015. But Mr D didn't make any payments, and so the account went into arrears. Erudio wrote to Mr D about this at the address it held for him, but in June 2015 a third party contacted Erudio to say Mr D no longer lived at that address. So Erudio suspended his account.

For his part, Mr D says he sent letters to Erudio in February 2015 and again in April 2016 to say he'd changed address and to request a deferment. He says he wrote to Erudio again in August 2016 to say he'd changed address and to ask about the status of his account, as he'd heard nothing back. Mr D says Erudio should have deferred his account when he asked it to, but he didn't receive an acknowledgment from Erudio.

After reviewing his account, Erudio sent Mr D a Notice of Default in October 2016, which said that by 8 November 2016 he'd need to either pay the arrears or request a deferment. The arrears were not paid and a deferment wasn't requested, so on 9 November 2016 Erudio wrote to Mr D to say he'd need to fully repay his loan within seven days or his account would be closed. Mr D didn't repay, and so Erudio closed his account.

Mr D says he called Erudio on 11 November 2016 to check the status of his account and ask why Erudio hadn't acted on his previous correspondence. Mr D says that in this call Erudio said it hadn't processed his address changes or deferment requests, and that his account would be 'non-compliant' in ten days' time. Mr D says that later the same day he sent Erudio a letter by special delivery to confirm his address and income, enclosing copies of the previous correspondence he says he sent. Mr D says Erudio later told him it had received this letter.

Erudio says it received a call from Mr D in March 2018 to ask about the status of his account. In that call, Mr D told Erudio he lost his paperwork when he moved house and that

he wasn't aware it had taken over his student loan – he said he'd just found out after calling the original lender. And he said that in previous years he'd written to the original lender to tell it he'd changed address and to ask for his loan to be deferred, but that the original lender told him it hadn't received these letters.

Later in the call Erudio told Mr D his account had been closed in November 2016. Mr D asked if his account could be reinstated but Erudio said it couldn't. Erudio agreed to send Mr D a breakdown of his account, and offered to put debt recovery action on hold for 30 days to give him breathing space. Mr D accepted this offer and asked for Erudio's postal address.

A few months later Mr D wrote to Erudio to say he was unhappy it hadn't logged his letters and calls, and that it now wouldn't let him defer and was asking him to repay his loan in full. Mr D and Erudio corresponded back and forth before Erudio issued its final response letter in November 2018. In summary, that final response said:

- Erudio had no record of receiving the letters or calls in question.
- Eight weeks before Mr D's last deferment ended in May 2015, Erudio sent a deferment application form to the address it held for Mr D, which fulfilled its obligations to him.
- Mr D didn't apply for a deferment and Erudio didn't grant one, so Mr D should have been making monthly repayments.
- Erudio apologised for, and clarified, some minor inaccuracies in its previous complaint correspondence with Mr D.
- Erudio had no record of the call Mr D says he made to Erudio on 11 November 2016, or the letter he says he sent later that same day. It said his account had already been closed by then and so deferment wasn't an option for Mr D by that stage. And it couldn't offer deferment now.
- Erudio had listened to Mr D's call on 20 March 2018, in which Mr D says he's never been in contact with Erudio before, had only just found out it had taken over his student loan, and had been writing to the original lender.
- The balance of Mr D's account was still due in full, but it was happy to discuss a repayment arrangement due to his financial circumstances. To help with this, it asked Mr D to complete and return an income and expenditure form.
- The date of the post office receipt Mr D provided to support his complaint didn't correspond with the letters in question.

Mr D wasn't satisfied with this response so he brought his complaint to our service. After looking into things, our investigator thought Erudio had administered Mr D's account correctly, was entitled to ask Mr D to repay his loan in full and had acted fairly in offering to reach a reasonable repayment plan. And our investigator thought Mr D had a responsibility to manage his loan account.

Mr D disagreed. He said he'd tried to manage his account by contacting Erudio. But that Erudio had failed to log his deferment and change of address requests, which meant he didn't have a chance to respond and correct Erudio's error. He said Erudio had unfairly taken his right of deferment away.

Mr D's complaint was passed to me to make a decision. Before making my decision, I wanted to know whether Mr D and Erudio had any further comments to make about the call between Mr D and Erudio on 20 March 2018, in which Mr D told Erudio he didn't know it had taken over his student loan and that in previous years he'd written to the original lender to say he'd changed address and would like a deferment.

Erudio said it couldn't agree Mr D wasn't aware Erudio had taken over his loan, because it wrote to inform him of this in March 2014. And also because Mr D had sent Erudio a deferment application in April 2014, and the Insolvency Service had written to Erudio on Mr D's behalf in March 2018.

Mr D said he hadn't made the call to Erudio on 20 March 2018. He said the caller was someone impersonating him with the aim of causing trouble. Mr D explained this had happened to him on other occasions and he'd reported it to the police.

I asked Mr D for more information about his involvement with the Insolvency Service. Mr D confirmed a bankruptcy order was made against him in March 2018 and that it was discharged, or ended, in March 2019. And Erudio confirmed it was still asking Mr D to repay his student loan debt because student loans are not included in bankruptcy orders.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not upholding it.

But first, I'd like to make it clear that although I've considered everything both parties have said as well as all the evidence they've provided, my decision won't address every point both parties have made. Instead, it will only address what I see to be the key points to the overall complaint.

letters and call not logged or acted upon

Mr D says he wrote to Erudio in 2015 and 2016, and called it in 2016. Mr D is unhappy Erudio didn't log these contacts or act on them, and he's provided copies of the letters he says he sent. Mr D has also provided a post office receipt dated 5 July 2018, however I've seen it doesn't correspond to any of the letters in question.

I know Mr D places great weight on the letters and call, but I've seen nothing in Erudio's records to suggest it received them. So it wouldn't be reasonable of me to say Erudio had done something wrong by not acting on them. And I could only reasonably expect Erudio to contact Mr D using the address details it held for him - its records show that's what it did.

I note Mr D disputes making the call on 20 March 2018, and I acknowledge the difficulties he's told us about. But regardless of whether that call was made or not, I don't think it made any difference to Mr D's situation, as Erudio had already closed his account about 16 months previously. So whether or not it was Mr D who made that call, things had already moved on regardless.

Erudio has acted unfairly

Mr D's last deferment period ended in May 2015. For a new deferment to start, Mr D would have needed to complete a new deferment application and Erudio would have needed to accept that application.

Erudio's records show that in March 2015 Erudio sent a new deferment application to the address it last held for Mr D, but didn't receive the application back. Because there was no further deferment, the terms and conditions of the loan said Mr D should have started

making monthly loan repayments. But Erudio's records show Mr D didn't make any repayments, and so his account went into arrears. Erudio's records show it wrote to Mr D about that at the address it held for him.

I know Mr D says he wrote to Erudio on several occasions to update his address and request a deferment. But as I've said, I don't think Erudio received these letters, and I could only reasonably expect Erudio to contact Mr D using the address details it held for him, which it did. And since Erudio didn't receive Mr D's request to make a deferment application, I can't say it acted unfairly by not deferring his loan in 2015 and 2016.

Because Mr D's account had gone into arrears, the terms and conditions entitled Erudio to ask Mr D to repay his loan in full and to no longer offer him the option of deferring. Mr D's account was in arrears for over 16 months before Erudio started recovery action. And in October 2016 Erudio wrote to Mr D to say he had a month to either pay the arrears or request a deferment, or he'd need to repay his loan in full. As neither happened, Erudio told Mr D he would need to fully repay the loan within seven days. No repayments were made and so Erudio closed Mr D's account a month later.

Whilst a bankruptcy order was made against Mr D in 2018, I note current legislation doesn't include student loans in bankruptcy orders.

Taking everything into account, I don't think Erudio acted unfairly or outside the terms and conditions of the loan. And based on Erudio's records, I think it made reasonable attempts to contact Mr D about his account, and gave him time to bring his account back into line.

Erudio has offered to work with Mr D to reach a reasonable repayment arrangement, and it has asked Mr D to provide his income and expenditure details to that end. I think that's fair and I would urge Mr D to get in touch with Erudio to discuss this.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 November 2019.

Ailsa Wiltshire
ombudsman