

## **complaint**

Mrs C is complaining about the arrears that Erudio Student Loans Limited (“Erudio”) is asking her to repay on her student loan.

## **background**

Mrs C has a student loan managed by Erudio. Mrs C’s account had gone into arrears in 2017, after a deferral application form (DAF) that was sent to her in February 2017 by the Student Loans Company (SLC) was not completed and returned. The arrears were subsequently cleared upon receipt of a later DAF that was backdated.

Another twelve month deferment term for Mrs C’s loan expired in April 2018. As Erudio had not received any new DAF and no direct debit for repayment was in place, the account began to go into arrears.

Mrs C said that she was making student loan repayments. However, Erudio have said that these were for another student loan managed by a different company. Mrs C contacted Erudio as she felt that she should have been given prior notice that the account was due to fall into arrears in April 2018, as no direct debit was in place at the end of the deferment period. Erudio says that it was the responsibility of Mrs C to ensure that repayments were being made.

They say that a DAF was sent in February, two months prior to the deferment period ending and that it wasn’t completed and returned. This was also the case when a new DAF was sent to Mrs C twice in May 2018. A new DAF was however, returned by Mrs C in August 2018. The deferment term began and was backdated to June 2018. However, the arrears on the loan remained for April and May 2018.

Mrs C’s complaint was rejected by Erudio and she brought it to this service. It was considered by one of our investigators who didn’t recommend it be upheld. They felt that Erudio had acted fairly and in line with the terms of the agreement.

Mrs C didn’t agree with the investigator and so the case has been passed to me. She felt that she had been making loan repayments and should have been told sooner if this account had fallen into arrears. Mrs C has also said that she did not receive a DAF in May 2018 and called to chase this. She has also said that Erudio were slow in getting back to her and her attempts to resolve this matter.

## **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 C feels that she wasn’t given sufficient notice that the account was due to fall into arrears in April 2018. She says that she was under the impression that she was making repayments. The evidence I have seen, suggests that these payments were for a different student loan, which is income contingent and repaid through her salary. Her loan being managed by Erudio was deferred every year since 2007 and she was not making loan repayments for it. There have also not been any direct debit details in place since 2007, and these were prior to when the loan was managed by Erudio.

However, Mrs C feels that she should have been given prior notice that repayments were going to be due and that she had no direct debit in place. The terms and conditions of this loan account do not require Erudio to inform the consumer if there is no active direct debit. Mrs C was written to by Student Loans Company in February 2018, as she was in February 2017. This letter gave two months' notice that "payments will be due as of the current deferment end date". However, this letter only refers to another loan managed by a different company and gives another loan reference, not Mrs C's Erudio loan reference.

Erudio has said that SLC send these letters and that they are relevant for all loans with a deferment period due to end. However, I have been provided with a copy of the letters sent to Mrs C in 2017 and 2019. On these occasions, the letters include all her loan numbers for Erudio and other loan management companies. So, I do not think the letter in February 2018 gave sufficient notice of the end of the deferment period.

Despite the error with this letter, Mrs C was written to after her account had gone into arrears in April and May. She received these letters as she contacted Erudio in response. She was then sent two DAFs in May 2018, but did not return a completed form until August. At this point the deferral was backdated and arrears cleared, as had been done in 2017.

Mrs C has said that she did not receive a DAF in May and chased this by phone and email. I still think Mrs C could have done more to complete and return a DAF sooner, to renew the deferral period. If she had done this, I am satisfied that it would have been backdated and there would be no arrears on the account. So taking everything into account, I think Erudio did give enough notice about the deferment to prevent Mrs C being in arrears.

I know that this isn't the outcome that Mrs C hoped for. I hope that I've clearly explained the reasons for my decision.

### **my final decision**

For the reasons above, I'm not upholding Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 11 October 2019.

Yoni Smith  
**ombudsman**