

complaint

Mrs F has complained that Erudio Student Loans Limited ("Erudio") didn't process her application for a deferment of payment of her student loan properly.

background

Mrs F had a student loan with Erudio. As she hadn't been able to work for medical reasons, she qualified for a deferment of her loan repayments. Each loan deferment lasted for a year, so she wouldn't be asked to pay back her loan in these periods.

Mrs F's loan deferment ended in May 2014 and Erudio says it didn't get an application for a new one, so it started charging Mrs F loan repayments. But Mrs F didn't have any direct debit or other agreed way of making the payments, so she fell into arrears.

In August 2014 Mrs F signed a new application for a deferment and she says she sent this to Erudio at the same time. This was processed in October 2014, but Erudio said Mrs F needed to supply more information before the deferment could be put in place. Erudio say she responded with more information in March 2015.

Mrs F complained to this service that Erudio had caused delays in putting the deferment in place. She asked for her arrears to be removed and for compensation for the delays.

Erudio said it didn't know when it received Mrs F's application dated August 2014. It said it was possible it received it in August, but didn't process it until October. It offered to backdate the deferment to October 2014 and remove all the arrears that had built up since then.

Erudio also said to Mrs F that it could write off the total loan balance if there was evidence she was permanently unfit for work. She sent this in and the whole loan balance, including arrears, was written off in June 2016.

One of our investigators looked at the complaint and thought Erudio needed to pay Mrs F £50 for the delays in handling her application in August 2014. She didn't think Erudio needed to do anything else.

Neither Mrs F nor Erudio agreed with the view, so the complaint has been passed to me for a final decision.

my findings

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

Erudio have now written off Mrs F's loan balance, including all of her arrears, so I don't think I need to consider that further. I'm just going to look at whether Erudio handled Mrs F's deferment application in the way it should've done.

I've seen that Mrs F's deferment application form is signed and dated 25 August 2014. And I've seen Erudio's notes that this was emailed in by Mrs F on 27 August 2014. Mrs F called Erudio to ask about her application three times between then and 24 October 2014, when it said Mrs F needed to supply more information. In this period Erudio sent Mrs F three letters about her arrears.

I think Erudio took too long to process Mrs F's deferment application – according to its website it has 28 days to process applications. And I don't think it should've sent her letters chasing her arrears during this period. I've seen a call record from November 2014 that shows Mrs F was upset about these letters being sent out at the time.

Erudio says it would've rolled back the deferment period to August 2014 if the loan hadn't been written off, so it doesn't think it should pay any more compensation. But I still don't think it was fair for Erudio to chase Mrs F for arrears whilst it was processing her application, especially as it had granted deferments in the past. Overall I think £50 is a reasonable amount to reflect the upset caused.

my final decision

For the reasons set out above I uphold Mrs F's complaint about Erudio Student Loans Limited. I direct Erudio Student Loans Limited pay Mrs F £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 2 September 2016.

Mark Hutchings
ombudsman