

complaint

Mrs B complains about Erudio Student Loans Limited's handling of her student loans.

background

Mrs B took out student loans with other companies, which were eventually passed to Erudio.

In 2014, Mrs B experienced some difficult personal circumstances which meant she wanted her loans to be deferred. At the same time, she began insolvency proceedings in the form of sequestration. The practitioner of the sequestration advised Mrs B that her student loans with Erudio would be included in these proceedings. But, in early 2015 Mrs B received confirmation that the loans wouldn't form part of the sequestration.

During this period and for some time after, Mrs B says that she was trying to defer her loans but Erudio didn't do this. She's unhappy with how Erudio tried to contact her during this time and that it transferred the loans to a third party debt recovery agent, which will be recorded on her credit file.

Erudio said that it never received a completed deferral form from Mrs B. It also explained that it only transferred her loans to a recovery agent after sending her several letters notifying her of this.

Mrs B referred her complaint to us, where our investigator looked into it. He couldn't see that Erudio ever received the information it needed to defer her loans. He also felt that Erudio had made sufficient contact with Mrs B to make her aware of the situation with her loans and that it had treated her fairly once she told it about her situation.

Mrs B disagreed so the complaint was passed to an ombudsman to decide.

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, it's clear that this situation has been very difficult for Mrs B and she feels very strongly that Erudio has acted unfairly. I'm sorry to disappoint her, but I won't be upholding her complaint. I'll explain why.

It's clear that Mrs B was contacting Erudio about making arrangements to defer her loans in August 2014. Erudio's records show that on 6 August 2014, it sent her a deferment form by email. On 8 August 2014, Mrs B asked which loans it would cover and Erudio confirmed these details on the same day.

But Mrs B wasn't able to open the deferment form she was sent. So on 11 August 2014, she asked Erudio to send this to her again. Erudio sent the form again the next day and also mentioned that if Mrs B was unable to download or print the form, then she could request a hard copy.

After this, I can't see that Erudio ever received the information it needed to actually complete the process of deferral. Its records show it was trying to contact Mrs B fairly frequently to discuss the situation with her loans, but often wasn't able to reach her, or didn't hear back from the letters it was sending, or the calls it was making.

Erudio's records show that Mrs B also occasionally rang it to chase deferment forms that she said she'd sent. When Erudio told her that it hadn't received these, it then advised her to send these forms by email, rather than post. But, again, there are no records of any forms like these being received by post, or email.

I've also taken into account Erudio's records which show that it was writing to Mrs B fairly frequently between July 2014 and July 2015. It was sending her arrears notices and, in June 2015 and July 2015, letters to notify her that her loans would be 'defaulted' and 'terminated'. Mrs B says that she never received any of these letters, but Erudio's records show they were sent to the address it held for her at the time. So, even if Mrs B didn't receive them, I don't think this was Erudio's fault.

Calls and letters chasing repayment like this can be worrying, but where payments weren't being received and there was no arrangement in place, I think Erudio was entitled to try and contact Mrs B. She says that Erudio went too far in how it tried to contact her. I haven't seen any evidence of that. As far as I can see, all of Erudio's attempts to contact Mrs B have been what I'd expect in these circumstances.

It's clear Mrs B was dealing with a lot at the time she was seeking the deferment of her loans. She was also in the process of applying for insolvency through a sequestration arrangement, along with dealing with some very difficult personal circumstances. It's particularly unfortunate that the sequestration practitioner advised that her student loans would be included in the sequestration. But that's not something it'd be fair for me to hold Erudio responsible for.

Given this though, I can understand why Mrs B may have thought she didn't need to make further arrangements in terms of her student loans at this time. But she's confirmed that the insolvency administrator told her that the student loans wouldn't form part of the sequestration in early 2015. So at this point, I think Mrs B was aware that she needed to make arrangements with Erudio and that the loans hadn't been deferred.

When the arrears got to a certain point in June 2015, Erudio took the decision to stop pursuing Mrs B for repayment itself and passed recovery of the loans to a debt collection agent. Erudio was entitled to make this decision when it did. No deferment had been agreed for some time and no payments had been made for over a year. I note that Erudio also only took this action after trying to contact Mrs B for some time, by telephone, email and letter.

Mrs B is unhappy with this. She's mentioned guidance that says a business shouldn't take this action where someone is suffering from mental health conditions or disability. I'm aware of the Lending Code's guidance around this issue and can understand why Mrs B thinks it applies here. But the guidance only says that a lender should *consider* keeping a debt in-house where someone has mental health problems.

Here, I can't see that Erudio was aware of Mrs B's situation before it took the action to transfer her loans to a recovery agent. After it was made aware though, I can see that it considered her request, in line with the guidance, but decided that it is still fair that the loans remain with an agent.

In the circumstances, I don't think it's unreasonable that Erudio made that decision. I say that because it has now been a considerable time since payments have been made, or any deferrals agreed. While it will have an impact on her credit file, by transferring the debt in this way, it ensures that arrears don't accrue.

So overall here, I can't tell Erudio to do any more here. Moving forward, I'd urge Mrs B to discuss her situation with the recovery agent, with a view to reaching an agreeable payment arrangement and a way forward with this situation.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 27 April 2017.

James Staples
ombudsman