

## **complaint**

Mr T complains that Erudio Student Loans Limited has unfairly added arrears to his account.

## **background**

Mr T borrowed for his studies for three years, from 1995. After graduation, he made repayments on his loan account until retiring and moving abroad in 2004. After that, he was under the earning limit and was granted payment deferment.

Mr T says that he did not receive the routine payment deferment application form in 2014 until November 2014, when he completed and returned it in the usual way. He then heard from Erudio in April 2015, to say his deferment request had been unsuccessful and he was in arrears.

Mr T says this has situation happened because of Erudio's failure to respond to his communications and that, as he is now over 60 and has only a small retirement income, he is entitled to have the loan written off.

Erudio said that Mr T had not been eligible for deferment because he had failed to provide evidence of his financial position. It did not accept that the debt was eligible to be written off, because there were arrears.

As things were not settled, Mr T brought his complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator concluded that the deferment application had been unsuccessful because Erudio had sent its request for further information to the wrong street number and Mr T had not received it.

Although Erudio had written to Mr T at the right address two months after that, telling him his application did not meet the criteria, that letter did not explain why and suggested that it was too late to do anything about the deferment.

Given the delay and the lack of information, the adjudicator recommended that Erudio should:

- remove the arrears that had accrued on the account since receipt of Mr T's deferment application in December 2014;
- correct Mr T's credit file (if it had been affected); and
- ask for any information it may still need from Mr T and then process the application without delay.

Erudio did not agree with the adjudicator's conclusions. It said that it had sent reminders to the right address and that the onus was on Mr T, not on it, to chase things up on his deferment application.

## **my findings**

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

It's not now in dispute that Erudio sent the request for information to the wrong street number – which I accept meant that it was not delivered to Mr T's mailbox. So he could not have known that his deferment application needed to be supported with further information, particularly given that the application form had not included any mention of that.

By the time Mr T was sent the next letter from Erudio, which was sent to the right address, around four months had elapsed since it had received his application. This letter said Mr T did not meet the criteria, and that his application had expired. Mr T contacted Erudio when he got that letter, to ask why he was not eligible for the deferment and to also raise the question of age-related write-off.

I agree with the adjudicator that the problems all stem from the letter sent in February 2015 to the wrong address. Things were then made worse by the fact that, in my opinion, Erudio did not make clear enough to Mr T that he could still apply for deferment.

I am satisfied that, if Mr T had received the letter in February 2015, he would have promptly sent the necessary confirmation of how he was being supported, which would have enabled his application to succeed.

Following on from that, I find there is no reason why Mr T would not have continued to be eligible for deferment of payments. Given the error by Erudio, I am not persuaded by its argument that responsibility for finding out what had happened (and then working out how it could be put right) lay with Mr T.

Taking everything into account, I consider that the fairest way to resolve this dispute is for Erudio to treat the account as though it had continued in deferment from receipt of Mr T's application in December 2014 to the present. That means removing the payment arrears for that period.

Erudio will then be entitled to require Mr T to apply in the usual way for future deferments, and any application for age-related write-off on his account will need to be considered by Erudio in accordance with the relevant terms of the account. Given the previous difficulties, my award also provides for Mr T to be supplied with all the necessary paperwork and information to enable him to comply with Erudio's requirements.

**my final decision**

My final decision is that Erudio Student Loans Limited must:

- apply the repayment deferment to Mr T’s account from December 2014 to date, removing any arrears that have accrued during this period;
- remove any information added to Mr T’s credit file about arrears accrued since December 2014;
- provide Mr T with any application form he needs to complete in order to continue payment deferment going forward and explain what additional information he will need to provide with it;
- tell Mr T what he needs to do to request an age-related write-off and explain what additional information he will need to provide for that; and
- process Mr T’s application/request without delay.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr T to accept or reject my decision before 22 August 2016.

Jane Hingston  
**ombudsman**