

## **complaint**

Mrs P has complained that Erudio Student Loans Limited has unfairly added arrears to her account.

## **background**

Mrs P has a loan, which she took out with a third party over 20 years ago. She has been deferring it each year for 20 years. Erudio now owns the loan.

Mrs P has explained that before it was transferred to Erudio, she updated her address with the third party. But Erudio didn't have the details of the change of address, so when it sent Mrs P her next deferral form, it was returned to it. Mrs P was later traced by Erudio, and it was at this point that the issue came to light. But arrears have been added to Mrs P's account, as no deferral had been processed.

Our adjudicator recommended that the complaint should be upheld. He thought it likely Mrs P had changed her address, but it hadn't been updated. He thought she'd have completed her form if she'd received it as she should have. On that basis, he thought the arrears should be removed.

Erudio disagreed. It feels that it's possible that Mrs P didn't update her address. But if she did, it may be more appropriate for her complaint to be directed to the third party. It also added that it was her responsibility to defer the loan, and it isn't obliged to send all of its customers deferral forms. If a loan isn't deferred, it becomes payable, and arrears will accrue if repayments aren't made. It also said it had tried to contact Mrs P by phone, but the number was no longer active.

The complaint's now been passed to me for my 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.

Like the adjudicator, I'm persuaded by Mrs P's explanation that she changed her address. I think she took the loan seriously, so would have kept her contact details updated. So I think – on balance – that an error occurred. I fully accept that this wasn't Erudio's fault, and that it did send a deferral form to the address it had. I also accept it tried to contact Mrs P by phone, but was unable to.

But this still leaves the issue, that it knows an administrative mistake was likely made, albeit not of Erudio or Mrs P's doing, as far as I can tell. So it feels fair to me that it put Mrs P's account back in the position it would have been, had the mistake not occurred. So while I don't think Erudio did anything wrong initially, when it became aware of what had happened, I feel it should have taken steps to ensure the account be put back in the position it should have been.

I'm aware that Erudio has said it's Mrs P's responsibility to complete a deferral form, and that it isn't obliged to send one without it being requested. Although I agree to an extent, the fact is that Erudio did send a form. I'm satisfied that if Mrs P had received it, she'd have deferred the loan – as she had for 20 years. That said, I do agree that Mrs P could have kept better

track of her account. It's for this reason I'm not awarding and compensation for the inconvenience caused.

For these reasons, I think it fair for Erudio to remove the arrears, and treat the account as if it had been deferred. I'm aware it's said it doesn't report these to credit reference agencies at the moment, but should it change this, these arrears mustn't be reported.

**my final decision**

For the reasons given above, it's my final decision to uphold this complaint. I require Erudio Student Loans Limited to remove the arrears that accrued because of this non-deferral, and treat the account as if the deferral had happened. It must ensure the arrears aren't reported on Mrs P's credit file(s).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 11 April 2016.

Elspeth Wood  
**ombudsman**