

complaint

Miss M complains to Erudio Student Loans Limited (Erudio) about the way her loan account had been managed.

background

In 1996, Miss M took out a student loan. She said that in 2004 the company who then owned the loan incorrectly assessed her income in deciding whether to allow her to defer her loan. She also said that in 2013 it failed to defer her loan as she had requested.

She complained to Erudio who had taken over administration of the loan in March 2014. It liaised with the original loan provider who said that the correct calculation had been used in assessing her income in 2004. It said that no deferment application form (DAF) had been received in relation to her request to defer her application in November 2013.

Erudio agreed to remove arrears for the three months prior to the eventual receipt of her DAF in February 2015. This left eleven months arrears to pay, the repayment of the capital sum having been successfully deferred. It offered to consider a reduced repayment option on completion of a financial statement by Miss M.

Miss M asked us to look at her complaint. Our adjudicator explained that we could not look at what happened in 2004. This is because we can only look at matters complained of after our consumer credit jurisdiction began in April 2007.

Erudio did not initially provide us with the information we requested and our adjudicator upheld the second part of Miss M's complaint. He thought that it was more likely than not that Miss M had applied to defer her loan in November 2013 and that the paperwork had been misplaced. He recommended that Erudio remove the arrears that had accrued as a result of the failure to defer the loan.

Erudio responded and provided us with paperwork relating to the complaint. It said that the original loan company had not received a DAF and so the arrears were properly applied to her account. Erudio did not reply to further correspondence from us and so the matter needs an ombudsman's 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.

I agree with our adjudicator that we cannot look at what happened in 2004 as it was before our consumer credit jurisdiction began. Miss M accepts that it is the case. I therefore focus on what happened in 2013.

It appears from the system notes that Miss M had successfully deferred repayment on her loan every year from 2005 to date, save 2013. Miss M said that in fact she had deferred her loan every year from 1997 save the one other occasion in 2004.

Although Miss M did not have a copy of the DAF that she said she submitted in 2013, she was able to provide us with a copy of some of the supporting paperwork that she submitted for that year. Miss M said that the first time she became aware of the arrears was around August 2014.

Erudio said that system notes from the previous loan company showed that the DAF was sent to Miss M in October 2013. It said they further show she was written to in December 2013, when an end of deferment schedule was sent, and twice in January 2014, when she was written to about the fact that she was in arrears. It could not provide copies of those letters.

Miss M said that she did not receive those letters and in fact she had problems in the past with not receiving correspondence from the previous loan company. I also note that this was at a time when accounts were being transferred from the previous loan company elsewhere.

The earliest correspondence that I can see between Erudio and Miss M is in March 2014, when it sent out a welcome pack. That makes no reference to the fact that arrears were due. The first clear record of Erudio discussing the arrears with Miss M is in a note of a telephone call in September 2014, which was some seven or so months after it had taken over the account. The first letter provided by Erudio advising of the fact that Miss M's account was in arrears was dated October 2014.

Miss M explained that when she became aware of the arrears she made various attempts to resolve the issue. She said that it took some months to resolve as she was passed from one company to another, which meant that the deferral was not put in place until around February 2015. This is supported by a telephone note provided by the previous loan company which relates to call in 2009 in which she was told incorrectly that she needed to contact Erudio to resolve the matter.

On balance, having spoken with Miss M, I am satisfied that Miss M sent in her DAF. Had it been an oversight on her part, I think she would have done something about it sooner. I also think had she received the earlier arrears letters she would have acted on them.

my final decision

My final decision is that I uphold this complaint. I direct Erudio Student Loans Limited to remove the remaining arrears that have accrued on Miss M's loan as a result of the deferral not being processed in September 2013, which as I understand it is £504.48 and to remove any negative entry on Miss M's credit file as a result of the arrears accruing.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 8 January 2016.

Siobhan Kelly
ombudsman