

complaint

Miss K complains that Erudio Student Loans Limited unfairly added arrears to her loan accounts.

background

I attach my provisional decision of 27 June 2016, which forms part of this final decision.

In my provisional decision I set out what I thought Erudio needed to do to put things right for Miss K. I asked both parties to provide any further comments before I reached a final decision. Following this, neither side have provided anything new for me to look at.

my findings

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

As neither party have provided any new evidence or arguments for me to look at, I see no reason to change the conclusions set out in my provisional decision. So I uphold Miss K's complaint in part.

my final decision

For the reasons given in my provisional decision, I uphold this complaint in part.

I require Erudio Student Loans Limited to put things right by removing the arrears accrued for 2014/2015, treat the accounts as if the deferment had been accepted and to make sure these arrears aren't reported to the credit reference agencies.

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

Lauren Long
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Miss K complains that Erudio Student Loans Limited unfairly added arrears to her loan accounts.

background

Miss K took out three student loans with a third party in the 1990s. Miss K had previously deferred repayment of these loans before Erudio took over in 2014. Miss K says she'd previously been prompted by the third party to apply for deferral each year.

Miss K says she updated her address with the third party in November 2013 when she moved house. But when Erudio took over the loans in March 2014 it didn't have the updated address. So when it sent out a deferral form in March 2014, it was returned undelivered and Miss K didn't apply for deferral.

As there was no deferment in place, the loans fell into arrears over the next two years. Miss K was later traced by Erudio in October 2015 and contacted in March 2016. At this point the outstanding arrears came to light. Miss K has since successfully deferred her loan repayments for 2016/2017.

Erudio says it was Miss K's responsibility to defer her loan repayments and that there's no evidence that she tried to change her address.

Miss K is very unhappy about this. She maintains that she updated her address and had always previously completed forms sent to her, as she'd always been eligible to defer. She also feels that Erudio should have done more to contact her.

my provisional findings

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

After giving this complaint a lot of thought and speaking to both parties I think that Erudio does need to do something to put things right for Miss K. I know that the outcome I've reached isn't what either party was hoping for. But I hope my explanation makes clear why I've reached these conclusions.

I accept that Miss K didn't receive the deferral form sent by Erudio in March 2014 – and this is supported by the record Erudio has of it being returned undelivered. It's clear that Erudio didn't have Miss K's updated address.

Erudio argues that Miss K doesn't have any evidence to prove she updated her address in November 2013. But due to the time that's passed I wouldn't necessarily expect Miss K to have evidence of this. The records I do have from Erudio show that Miss K had updated her address numerous times with the third party previously. I'm satisfied that her earlier actions show that she kept her contact information updated and took her student loans seriously. So on balance, I think it's most likely that Miss K did update her address with the third party in November 2013 and that (in error) this wasn't actioned.

It seems that the third party's usual process was to send out a deferral form each year for Miss K to complete and send back. So to an extent I can understand why Miss K was under the impression that she'd be sent a deferral form when required. I think that if Miss K's address had been updated in November 2013 and she'd received the form from Erudio in March 2014 she would have applied for deferment.

Erudio has already offered to rework Miss K's accounts as if they'd been deferred for 2014/2015. I'd also ask it to ensure that the arrears aren't reported on Miss K's credit file.

But that said, I also think that Miss K had a responsibility to keep track of her loan accounts. From what Miss K has told me, she'd deferred her loan repayments many times before and had always had to provide information to support her deferral. She's also confirmed that she did usually receive confirmation of the deferment from the third party. So I think she was, or should have been, familiar with the deferral process.

I think that after not hearing from the third party (who she thought still had ownership of her loans) for over two years, she ought reasonably to have taken steps to get in contact with them. And I think if Miss K had done, she would have been referred on to Erudio.

I know Miss K feels that Erudio should have made greater efforts to contact her by email and phone when it realised she'd changed address. I can sympathise with this, but overall I don't think it's Erudio's fault that arrears accrued for 2015/2016. In fact I think that if Erudio hadn't traced and contacted Miss K that further arrears would have continued to accrue on her accounts.

So with all this taken together, whilst I think that Erudio should remove the arrears for 2014/2015, I think the arrears for 2015/2016 were applied fairly and I don't intend to ask Erudio to remove them.

my provisional decision

For the reasons given above, I intend to uphold this complaint in part. And I'll require Erudio Student Loans Limited to put things right by removing the arrears accrued for 2014/2015 and to make sure these arrears aren't reported to the credit reference agencies.

I'll now give both parties a week until 4 July 2016 to think about what I've said and provide me with any further comments before I reach a final decision on this case.

Lauren Long
ombudsman