

complaint

Mr I complains that Erudio Student Loans Limited has refused to remove arrears from his account. He says the previous debt owner agreed to remove these – but did not – so Erudio as the current debt owner should now do this instead.

background

Mr I said at some point during the history of his loan (he's not sure when) his deferment date changed without notice. As a result he sent in his deferment application late. But the application was then accepted. And because none of this was his fault the previous debt owner "S" agreed to remove the arrears.

It seems Mr I thought nothing more about this until Erudio bought his loan. He became concerned as it seemed that S had not updated its records about the arrears. Neither had it told Erudio to do so. Now worried he called Erudio.

It said if Mr I could provide a letter from S confirming what he'd said it would update its records. To his horror Mr I found that S washed its hands of the matter saying it could no longer deal with this as it no longer owned the debt.

Mr I then came to us explaining he cannot afford to pay the arrears. And it's not fair that he should have to pay for S's mistake.

Our adjudicator contacted both S and Erudio. Erudio repeated what it had told Mr I. S sent us copies of its records and said the only way a deferment date would change was if the borrower was late applying for the deferral. Its records show that in 2011 Mr I was 13 months behind with his repayments. It said – apparently as a good-will gesture – that it would write off 3 months of arrears but he'd have to pay the remainder. That was the only information our adjudicator found that S had about arrears.

She asked Mr I if he could provide anything further. He said he could not. On this basis she said she just was not as sure as she needed to be that S had agreed to write off the arrears. So she had no proper basis to say that Erudio should do this.

Erudio didn't respond to this recommendation. But Mr I did saying he rejected it. He asked that an ombudsman review his complaint.

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've finished reviewing this complaint. I realise that this will disappoint Mr I but I do not think it's fair or reasonable to find in his favour. I'll explain why I've come to this conclusion.

Mr I on the one hand and S and Erudio on the other have given me very different versions of what happened here. Because there's a disagreement I've got to base my decision on what I think is most likely to have happened.

why did the deferral date change?

I think that if I look at why the deferral date changed this will tell me something about how likely it is that S agreed to write off the arrears. Because I can well believe that it would've written off the arrears if it had made a mistake.

Mr I says it's down to S why he's in this mess in the first place. He says his payment deferral date changed without warning. I'm not sure how this could have happened if he had sent in all his deferral applications in time. Mr I does not tell us why the date changed – only that it did.

But S has explained it only changed deferral dates if an application was received late. If that's what happened and seemingly it was – then I think it's unlikely that S would have agreed to remove the arrears as it wouldn't have been at fault.

what information do we have about the arrears?

Mr I is not able to pin down exactly when all of this took place although we've pressed him on this point. But looking at the records from S the only mention of writing off arrears I've seen is in 2011, when it seems that Mr I was late sending in his deferral forms and so went into arrears. S's notes show it did agree to write off three months arrears but it said he had to pay the remaining ten.

I would have expected S to have kept a record of agreeing to write off all the arrears if that was the deal. I'd also have expected Mr I to have received some correspondence saying this was the case. I've not seen any information like this.

Taking all of this into account I don't agree that Erudio should write off all the arrears because S should've. But Erudio might now wish to confirm to Mr I if it will honour the good-will gesture offered by S only to pursue him for the ten months of arrears rather than 13.

Mr I is clearly worried about the money he owes. He tells us he cannot afford to pay any arrears. So I think Mr I needs to contact Erudio to tell it this. And it should consider what steps it can take to help Mr I clear this debt.

my final decision

My final decision is I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 September 2015.

Joyce Gordon
ombudsman