

## **complaint**

Mrs R complains Erudio Student Loans Limited unfairly applied charges to her account.

## **background**

Mrs R's been deferring her student loan for over 17 years as she doesn't meet the income threshold to repay it. She last deferred her loan in 2013. She moved later that year and says she told her lender her new address in or around November 2013. Mrs R says the next she heard was from Erudio around late 2015 when it told her it took over the loan two years earlier. It said she now owed arrears as she didn't apply to defer in 2014 and 2015. Mrs R says this is unfair. She says if she'd been reminded, she'd have applied to defer again.

Erudio doesn't accept Mrs R gave her original lender her new address in 2013. It says when the account came over to it in 2014, it didn't have an up to date address for her. It says it had to trace Mrs R, and eventually wrote to her in late 2015 about the arrears on her account. It says it partially upheld her complaint and allowed her to defer her loan from 2016 to 2017. But, it says she still owes arrears between 2014 to 2016.

The adjudicator says despite Mrs R moving many times over the years, she's seen nothing to suggest Mrs R ever had any problems before Erudio took over the loan. She's satisfied on balance that Mrs R updated her address with her former lender – and Erudio should have had that. She thinks on balance, if Mrs R had got Erudio's letters, she'd have applied to defer her loan on time. She doesn't think it's fair Mrs R should have to pay the arrears.

Erudio says there's nothing from the original lender to show Mrs R updated her address in 2013. It says she also admitted to not applying to defer – so should pay the arrears.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And, having done so, I've reached a similar conclusion to the adjudicator for much the same reasons.

There's been quite a lot of contradictory information in this complaint. When there's conflicting information or a lack of clarity, I've reached my decision on balance of what I think is most likely to have happened. And, I've done so considering what I think is the most fair and reasonable outcome having regard to all the circumstances.

Having read Mrs R's complaint and having also had the opportunity of speaking with her, I feel she's given a consistent and honest account throughout. I note she's had her student loan for a number of years and despite several moves, I've seen nothing to suggest she failed to update her address details with her original lender each time.

Mrs R's insisted she told her original lender about her change of address in or around November 2013 – a few months after she moved. I know Erudio said there was no record of that. But, the adjudicator contacted the original lender. And, it showed it updated Mrs R's address in November 2013. So, I'm persuaded the information Mrs R's given is correct. Unfortunately, the address details it's shown are entirely different to Mrs R's up to date address. But, I think what's most likely to have happened is that she asked it to update her details – and it added the wrong information. On balance of what I've seen, I think that's the most logical explanation.

I know Erudio's placed a lot of significance on a call Mrs R made in 2016, after it traced her. In that call Mrs R essentially admits fault for not applying to defer her loan in earlier years. But, that doesn't change my decision. I don't think it's fair to hold her responsible having regard to all the circumstances of this matter.

Mrs R only had to apply to defer her loan once a year. So, I don't think this was something that would have been at the forefront of her mind. But, just as the letter from Erudio prompted her to call in 2016, I'm satisfied a reminder in 2014 and 2015 would have done the same. In the same way as the former lender's reminders had over the years. Erudio hasn't been able to show it wrote to Mrs R - even at the wrong address - to remind her of her right to defer in 2014 and 2015. The copy letters it's provided relate to a different account entirely. So, I think there's been lots of confusion. And, I don't think it was Mrs R's fault that Erudio either couldn't, or didn't, contact her to remind her of her right to defer.

Taking the matter as a whole, I'm persuaded Mrs R updated her address with the original lender in November 2013. And, I'm satisfied she'd have applied to defer if she'd been reminded of her right to do so in 2014 and 2015. So, I think the only fair outcome is for Erudio to put Mrs R back in the position she'd have been in if she'd deferred her loan in 2014 and 2015. As a result, I require it to remove the arrears from her account. And, to update her records. I note it doesn't report to the credit reference agencies. And, I've seen nothing to suggest Mrs R's paid any of the arrears, so there's nothing to refund.

### **my final decision**

My final decision is I uphold this complaint. And, I require Erudio Student Loans Limited to:

- Remove the arrears that have been added to Mrs R's account and;
- Ensure her records don't show any adverse information about her payment history from 2013 to 2016.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 7 November 2016.

Loucia Kyprianou  
**ombudsman**