

complaint

Mr S complains that Erudio Student Loans Limited unfairly failed to apply a payment deferment on his loan.

background

Mr S has a loan account, originally taken with Erudio's predecessor company. Mr S applied for a payment deferral for the period May 2014 to May 2015. He accepts that this was sent in late – he did not send it until October 2014 – but explains that he had been obliged to move home a number of times during the summer and this delayed things.

Mr S said that he had done this before with the predecessor company, and it had not been a problem. So he says he was not concerned when he did not hear from Erudio about the deferral application, and assumed it had been accepted. He says he only found out otherwise in December 2015, by which time there were substantial arrears showing on the account.

Erudio said that it had made reasonable efforts to ask Mr S for further information. It did not accept that it was responsible for the arrears that had accrued, and so things were not settled. Mr S brought his complaint to this service where an adjudicator investigated it.

From the evidence, the adjudicator was not satisfied that the letter requesting information was actually sent out. But the adjudicator thought it more likely than not that arrears letters had gone out between October 2014 and December 2014 – though they weren't received by Mr S.

Looking at what each party had done (and failed to do) the adjudicator concluded that the fairest outcome here was for Erudio to reconsider Mr S's deferment application for 2014-2015 and, providing the extra information produced by Mr S shows that his financial situation has not improved, to stop pursuing him for the arrears. The adjudicator did not consider that any additional compensation was warranted in this case.

Erudio did not agree with the adjudicator and said, in summary:

- The standard letter requesting further information only ever shows on the systems as being 'requested'; there is no 'sent' option for this communication.
- Ultimately, Mr S should have checked to see whether his deferment application had been accepted or not. The deferment guidance makes this clear.
- Mr S accepts that he made his application late. Erudio is not in a position to say whether or not that was acceptable in the past to the predecessor company, but Mr S was not entitled to draw his own conclusions in the matter.
- By the time the deferral form was received, six months had passed from the end of the previous deferral. This casts doubt on the adjudicator's opinion that Mr S would have responded with the information if he had known it was required.
- It is not Erudio's policy to chase customers up by phone or by text to see why they have not responded. The onus is placed on the customer in those circumstances.

- It accepts that the evidence produced about Mr S's financial situation would have been sufficient to show that he met the criteria for a deferment, had he sent it at the right time.

my findings

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

Looking at what happened here, I agree with the adjudicator that there have been faults on both sides. Mr S could have been a lot more proactive in the way he made his application, and seems to have been quick to assume that all was well when he didn't hear anything one way or the other.

Equally, Erudio could have been a lot more proactive in the way it dealt with the request for more information. I note that it has no facility to mark the relevant letter as 'sent' on its system, though I'm not persuaded that this means Mr S's complaint must fail.

I also note that Erudio's policy is not to chase up responses but to leave that entirely to the customer. But that does not mean this policy was fair to Mr S in the circumstances of this particular case. Having made the deferment application, albeit late, I find it difficult to conclude that Mr S would not have provided the necessary information had he realised it was required.

Looking at the matter in the round, I find that the fair outcome here is for Erudio to take broadly the steps recommended by the adjudicator. As I understand it, the information since provided about Mr S's financial position would have been sufficient to secure a deferment had it been provided at the time Erudio asked for it. So I have adjusted my award to take account of the most recent representations.

my final decision

My final decision is that I direct Erudio Student Loans Limited to:

- action the 2014-2015 deferment application on Mr S's account as if it had received the relevant financial information in October 2014; and
- adjust the account accordingly, backdated for the purpose of arrears and removing any adverse credit reference information.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 January 2016.

Jane Hingston
ombudsman