

The complaint

Miss R complains that Erudio Student Loans Limited lost her deferment paperwork and won't acknowledge that two of the loans she took out are statute barred.

What happened

Miss R had outstanding student loans which Erudio bought from the original lender. Erudio passed collection of the debt to a third party I will refer to as D.

In May 2023, Miss R complained to D that the original lender had lost her deferment paperwork. And she was unhappy that Erudio had asked D to collect the balance on three loans when two of them were statute barred under the Limitation Act 1980.

Erudio explained that Miss R had one account which contained three loans. All the loans were due to be repaid together and payments received were split proportionately against each of the loans.

Erudio told Miss R that a debt becomes statute barred six years after the date of default, last payment, or written acknowledgment of the debt. It said that Miss R made a payment in April 2001 and then again in December 2004. Further ad hoc payments were received and in October 2009, Miss R started to pay £20 each month - an arrangement which continued until early 2020. So, Erudio didn't think it unreasonable to ask Miss R to repay the outstanding balance.

Erudio told Miss R that the original creditor didn't have any record of receiving her completed deferment application form in 2001.

Our investigator didn't uphold Miss R's complaint. He explained that he could not consider the part of Miss R's complaint which related to her concerns about losing her application to defer her loans in 2001 because she had made the complaint more than six years from the date she says she applied to defer. And more than three years from when Miss R knew or ought reasonably to have known she had cause to complain.

On the question of whether part of her debt was statute barred, our investigator didn't uphold Miss R's complaint. He explained that he could not decide whether a debt is legally unenforceable but there was never a time when payments were not made for a period of six years or more.

Our investigator explained that the three loans advanced to Miss R between 1998 and 1999 were all part of one account. Repayment was due to start in the April following the end of Miss R's course and was directed to the whole account, not individual loans. So, he didn't think it was unreasonable of Erudio to pursue the outstanding balance.

Miss R is convinced that she returned the deferment form in 2001 but due to her personal circumstances at the time, she found it difficult to follow up.

Miss R still thinks that two of the loans are statute barred as she was not aware that Erudio

classed the loans as a single account.

The time limits we must apply

Although Miss R is sure that she returned her deferment application in 2001, the original lender has no record of this. The rules under which we operate – known as the DISP rules – state that where a firm hasn't consented to us looking into a complaint, I generally can't do so if it's referred to us more than six years after the event. Or, if it's later, more than three years since the complainant became aware (or ought reasonably to have become aware) they had cause for complaint.

More than six years has passed since Miss R says she submitted her deferral form. Like our investigator, I consider Miss R should have reasonably been aware that she had cause to complain around the time that her deferment application was not processed in 2001. So, her complaint has been made outside the six and three year rules in DISP and Erudio has not consented to me considering it out of time.

Although Miss R experienced some personal difficulties around the time of her deferment, I don't consider that these should have prevented her from complaining at some point within the six years that passed since 2001. This means I cannot consider Miss R's complaint as it relates to the deferment of her loans.

What I've decided – and why

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

This service cannot declare a debt to be unenforceable or statute barred – this would be for a court to decide. So, what I need to consider here is whether Erudio has treated Miss R unfairly by asking her to repay the outstanding debt.

For most debts, the limitation period is six years from the date on which you last made a payment towards the debt or acknowledged owing the money. In Miss R's case, her course ended in July 2000 so she would have been due to start repaying the loans in April 2001. The original lender's records show that it received a payment on 20 April 2001 and then again in late 2004. Miss R continued to make ad hoc payments over the next few years before agreeing to pay £20 each month from the end of October 2009 until early 2020. This means that at no point has there been a gap of more than six years between payments. So, I don't think it has been unreasonable of Erudio to ask Miss R to repay the debt.

Miss R thinks that she has only been repaying one of the loans, so the remaining two loans should be statute barred. However, Erudio says that any payments she has made, are applied to the account as a whole, rather than individual loans. It has supplied transaction details from early 2020 and I can see that Miss R's monthly payment of £20 was split equally across the three loans. Although Miss R only used one of the loan references on the standing order from her bank, I can't fairly find that she has only been making payments towards one of the loans. So, it doesn't change my decision that it is not unreasonable for Erudio to request repayment of the outstanding balance.

When Erudio responded to Miss R's complaint it told her that although it was satisfied she was liable to repay the full outstanding balance, if legal action were taken, it would be up to the court to decide whether the debt was enforceable. So, I don't consider Erudio has misled Miss R about the debt. Erudio has also given Miss R details of organisations which can help if she's in financial difficulties. Again, I think this was a fair way to respond to some of the financial concerns that Miss R expressed to D.

My final decision

For the reasons set out above, I have concluded the following:

- I can't deal with this complaint as far as it relates to the deferment of Miss R's loans.
- I don't find that Erudio treated Miss R unfairly by asking her to repay the outstanding debt. It follows that I don't require Erudio to take any action in response to her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 3 October 2024..

Gemma Bowen
Ombudsman