

The complaint

Mr W complains about the way that Link Financial Outsourcing Limited trading as Honours Student Loans (HSL) has dealt with the deferment process for his student loans.

What happened

HSL administers mortgage style student loans that Mr W had taken out via the Student Loans Company (SLC).

Mr W had deferred repayment of the loans several times, with the last period of deferment ending in March 2023.

In early 2023, SLC marked Mr W's deferment application as incomplete. After HSL asked why, SLC said that as Mr W was both employed and self-employed, it needed to see three of Mr W's most recent payslips. SLC said that it made a mistake in the previous year when it accepted Mr W's deferment application based on self-employment evidence alone.

HSL concluded that SLC's decision to mark Mr W's deferment application as incomplete was in line with the deferment guidelines.

Mr W is unhappy that SLC won't assess his income based on the SA302 tax calculation, as it did last year. Mr W says that his income, as a dual employed individual, could only be assessed as one, meaning there is no need to assess his employed income over a three month period.

Mr W says that he includes his PAYE and self-employed income on his tax return, which HMRC adds together. Mr W says that previously, SLC accepted his SA302, so there is a precedent for this.

Mr W told SLC that there is nothing on the payslip that he provided which refers to gross income. And that Mr W's taxable pay, left him under the threshold for deferment.

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.

First, I'm aware I've set out the background to this complaint in less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Under the terms of HSL's purchase of student loans, SLC continues to manage the deferment process. The deferment form states that if someone is employed, they need to send payslips for three months. Mr W's application has been marked as incomplete by SLC because he didn't send in three payslips. I haven't seen anything that shows HSL was at fault for the fact that SLC would not process Mr W's deferment application.

I understand Mr W's point that SLC previously accepted his SA302 to complete the deferment process. But as I've said above, I don't think this is something which HSL had influence over. I also don't consider it fair to require HSL to override SLC's decision not to accept the SA302 without seeing payslips, just because SLC previously made a mistake and accepted the SA302.

I'm satisfied that HSL took the steps I would have expected when it asked SLC for further details of the deferment process. I appreciate Mr W disagrees with the method that SLC will use to calculate his income. As he made a self-employed loss, Mr W thinks that this should be applied against his employed income, to arrive at his income charged to tax – in line with the way that HMRC would assess his income. However, as our investigator has explained – it is not for the Financial Ombudsman Service to make decisions about the way that SLC carries out the deferment process.

I should also say that as things stand, Mr W has not completed the deferment process because of the outstanding request for additional payslips. So, I don't think it is for me to speculate on what decision will be reached if Mr W does provide the payslips. If after providing the further information, Mr W remains unhappy with the deferment decision, I don't see why he could not raise a fresh complaint at that point.

I am sorry to disappoint Mr W but I don't consider HSL has treated him unfairly by agreeing with SLC that in order to process his deferment he needs to supply SLC with three payslips.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 January 2024.

Gemma Bowen
Ombudsman