

The complaint

Miss W complains about the way that Link Financial Outsourcing Limited trading as Honours Student Loans (HSL) has administered her student loans.

What happened

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

Miss W has deferred repayment of the loans several times, with the last period of deferment ending in March 2022. HSL says that SLC sent Miss W a deferment application form (DAF) in January 2022 and February 2022.

HSL says that it wrote to Miss W in March 2022 to confirm that her deferment period would end on 24 March 2022 and that at this point, she would need to start making her monthly loan repayments.

HSL says that it didn't hear from Miss W until August 2022 when she gave some information about her health and said her accountant would prepare the necessary paperwork for the deferment application. HSL asked SLC to send Miss W a replacement DAF.

Miss W returned the completed DAF in late February 2023 and HSL forwarded it to SLC towards the end of March 2023. SLC marked the DAF as incomplete and asked Miss W for evidence of her how she was currently supporting herself. HSL advised Miss W to provide a third party support letter to SLC.

Miss W is unhappy that she was asked to keep resending documentation to defer repayment of her student loans before being told she'd run out of time and would need to restart the process.

Miss W thinks that HSL doesn't want to defer her student loans. She wants to understand why HSL wants her to restart the process of providing information after she's already supplied everything they've asked for.

Our investigator didn't recommend that Miss W's complaint be upheld. He didn't think HSL delayed Miss W's deferment application as its records indicated that HSL had made several attempts to follow up with her.

Our investigator noted that although Miss W's DAF was received by HSL on 24 February 2023, it didn't forward the DAF to SLC until 20 March 2023. But he thought HSL's offer to backdate deferment by a month in recognition of the delay was fair.

Our investigator explained that SLC handles deferment applications so he couldn't hold HSL responsible for SLC's information requirements. Our investigator thought it was unfortunate that Miss W would now need to complete a new DAF but this was fair as almost a year had passed since the DAF was first sent out.

Miss W was unhappy with the investigation outcome. She thought our investigator had

ignored most of the points she'd made. Miss W said she had never dealt with the SLC and HSL as two different entities and had always sent information to the email address she was given.

Our investigator sent Miss W a second view which expanded on the first investigation outcome. Miss W responded to say that January 2023 was the earliest she could get an accountant to do her books and that she'd made this clear to HSL. Miss W asked for further details of HSL's attempts to contact her before she got in touch in August 2022.

Miss W is unhappy that she was only asked for a letter from her partner to prove she didn't have an income in June 2023 and not when she originally tried to defer. Miss W says that after she'd supplied the letter from her partner, she was asked to provide another one.

Miss W says HSL told her to email documents to SLC – which she did – only to be told weeks later that SLC didn't accept forms in this way.

Miss W asks how she can be told that time for deferment has run out despite continually providing everything she'd been asked to provide.

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.

The evidence provided by HSL indicates that Miss W didn't return the DAF until the end of February 2023 – almost a year after the previous deferment period had ended. I appreciate Miss W says this was the earliest she could do so because of needing an accountant to help with her books. But I don't consider the delay was due to anything that HSL had done wrong.

HSL's notes show that it made several unsuccessful attempts to contact Miss W by phone between May 2022 and August 2022. HSL's notes from a successful call in early August 2022, say that although she had been unwell, Miss W had asked her accountant to put her accounts together and would chase them that day. The notes from the next call in September 2022 say that Miss W still didn't have everything together and that she would address the arrears on the account as soon as possible. It is not until November 2022 that HSL has a record of Miss W saying her illness had reoccurred and that she would get her tax return completed by January 2023 and set up a plan to pay the arrears at that time. I'm satisfied that over this period, HSL treated Miss W fairly by requesting further DAFs on her behalf and agreeing to place things on hold to allow Miss W time to respond.

HSL agrees that there was a delay between receiving the completed DAF and forwarding it to SLC but it offered to backdate the deferment by a month in addition to the three month period allowed under the deferment process, which I think was fair.

The DAF Miss W returned was incomplete and in late March 2023, HSL explained that she would need to provide a third party support letter. I appreciate that this was frustrating but I also note that when Miss W completed the DAF she indicated she received monthly maintenance payments in the section detailing other means of support. The notes on the DAF ask the customer to provide a copy of a signed and dated letter from a third party stating the level of support they provide is less than £2,924 per month. Although Miss W sent a letter to SLC, it didn't specify the level of support she received. So, I can't blame HSL for the fact Miss W was then asked to provide further information about the support she receives.

I don't consider HSL is responsible for the further delay caused by the DAF being incomplete and which appears to have led to Miss W needing to restart the process due to the time that has passed since her last deferment period ended.

Although Miss W says she was told she could send the forms by email, HSL's notes indicate that at the end of March 2023, it gave her SLC's postal address. HSL had previously explained to Miss W that it would need to print off forms to send to SLC. And the DAF states that customers should return everything to SLC to the postal address provided. So, I think it should have been reasonably clear to Miss W that she needed to return the deferment application to SLC by post rather than by email.

As our investigator has already said, if Miss W needs copies of the forms she previously submitted, I would expect HSL to help if she asks it to. HSL has also said that once the deferment is agreed, it may be possible to review the arrears on Miss W's account if there were exceptional circumstances behind the delay, such as ill health. I suggest that Miss W speaks to HSL about what evidence it would need to see once her deferment application is approved if this hasn't already happened.

Overall, I'm sorry to disappoint Miss W but I don't find that HSL has treated her unreasonably, so I don't uphold her complaint.

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 Miss W to accept or reject my decision before 8 November 2023.

Gemma Bowen
Ombudsman