

The complaint

Miss P complains that Erudio Student Loans Limited didn't update her address and gave her misleading information when she called it.

What happened

Miss P says she spoke to Erudio to change her address. She says she was told during that call that her account would not be passed to a third-party debt collector. Miss P says the third-party company wrote to her using an old address which has caused family problems as the letter was opened and read. She also says that she was misled during that call about the involvement of the third-party company and would like her debt written off.

Erudio says it hasn't sold the debt but accepts it should have told Miss P about the involvement of the third-party company. It accepts that Miss P updated the address and has apologised for what took place and offered £200 compensation but says it will not write off the debt.

Miss P brought her complaint to us and our investigator upheld it. The investigator thought it up to Erudio if it involved a third-party company, but it ought to have told Miss P that, and that company should have used the correct correspondence address. The investigator accepted this had caused a family problem and recommended Erudio pay £300 compensation.

Miss P doesn't accept that view and neither does Erudio.

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.

There is no dispute here that Erudio ought to have told Miss P it was using a third-party company to collect its debt and that company ought to have used Miss P's up to date address. I accept Miss P was caused distress and inconvenience in those circumstances and that the mistake caused family problems.

I'm satisfied that it's up to Erudio to decide if it wishes to use a third-party company to manage the debt. And I can't fairly interfere in that commercial decision. I think Erudio has fairly explained the reasons why it made that decision and that it still owns the debt.

I'm also satisfied that Erudio has fairly apologised for the address mistake. But I don't think its compensation offer goes far enough or reflects the problems that it caused. I agree with the investigator that the total award should be £300 which I think is a fair and reasonable amount. And takes into account that I don't think Miss P suffered any financial loss as a result of what took place.

I appreciate how strongly Miss P feels about what's taken place, but I don't think it fair or proportionate that the debt be written off.

Putting things right

I intend to order Erudio to pay a total of £300 compensation. It's not clear if Erudio had paid any compensation so far, but if it has, then it should deduct any of those payments from the £300.

My final decision

My final decision is that I uphold this complaint in part and order Erudio Student Loans Limited to pay Miss P a total of £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 6 April 2021.

David Singh
Ombudsman