

## **The complaint**

Mrs A has complained about the way Erudio Student Loans Limited handled her deferral application and terminated her account.

## **What happened**

In 2018, Mrs A applied for a deferral on her student loan.

Erudio asked for further evidence surrounding her income, such as a full bank statement. A few weeks later, Mrs A called to let them know she would email the evidence later that day. Erudio say they didn't get the email, though they didn't tell Mrs A this at the time. The following month, the deferral period expired and Erudio wrote to Mrs A to say her payments were now due. Mrs A spoke to Erudio again and found out they'd not received her statement. This time, she emailed Erudio during the call to make sure they got her evidence.

Erudio then sent a default notice, telling Mrs A to pay her arrears or face a default. The next day, they asked Mrs A to clarify a payment received on her bank statement in order to process a backdated deferral. Mrs A replied querying the request to pay her arrears, explaining she couldn't pay them and was in the process of applying for a deferral.

Erudio told Mrs A they were not asking her to pay her arrears as they were aware of her circumstances. They said they just wanted to clarify the payment on her bank statement. But Erudio then defaulted the account, saying Mrs A hadn't cleared her arrears in time. Mrs A then provided an explanation for the payment to allow her deferral to go through. But Erudio said that since the account had already defaulted, they couldn't now defer it.

In 2020, Erudio got a county court judgement (CCJ) against Mrs A.

Mrs A complained about what happened, and asked for her loan to be treated as if it had been successfully deferred.

Our investigator looked into things independently and upheld the complaint. They explained that now there was a CCJ, a court had decided Mrs A was liable for the outstanding amount, and we couldn't unwind the judgement. But we could comment on how Erudio had handled things beforehand. They thought Erudio had communicated poorly, and should pay Mrs A £150 compensation.

Erudio didn't agree, so the complaint's been passed to me to decide.

## **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.

As our investigator explained, we're only allowed to consider complaints about "regulated activities" – such as collecting a debt under a credit agreement. But once a business gets a county court judgement, it's no longer collecting a debt under a credit agreement. At that point, the agreement effectively merges into the judgement. And so instead, the business can only attempt to recover the money by enforcing the judgements. And enforcing judgements is not a regulated activity. Further, we're not generally able to make decisions about issues that have already been dealt with in court.

Here, a court has already decided that Mrs A is liable for this debt. So in Mrs A's case, I can't say whether Erudio were right to get the CCJ or not. And I don't have the power to set aside the CCJ, or to adjust the balance, or to tell Erudio to unwind things and treat the account as if the deferral had gone through. If Mrs A would like to dispute the basis or balance of the CCJ, she might be able to do so through the County Court Business Centre.

I can consider how Erudio dealt with Mrs A before the CCJ. And like our investigator, I do think they should have communicated with her more effectively.

For example, Mrs A told Erudio over the phone that she was emailing them the required evidence. And given her behaviour afterwards – such as calling Erudio twice and making very sure they got her next email – it suggests she did email the evidence the first time around. I understand this email didn't end up getting logged on Erudio's end, but they could have told Mrs A. Erudio did send a generic chaser letter a few days later. But that letter told Mrs A to disregard the chaser if she'd sent over the information in the last week – which as far as she was concerned, she had.

Our investigator suggested Erudio could have phoned or emailed Mrs A to let her know they hadn't got the email. Or they could have at least specifically referenced this in their letter. I agree that would have been good practice and a more reasonable course of action, which might have avoided the later confusion. Erudio say that wasn't their process, but sometimes a business should depart from their normal process in order to treat a customer fairly.

I think Erudio made a serious error when they told Mrs A they weren't asking her to repay her arrears. Like our investigator, I can see why Mrs A would have thought that this advice superseded their prior default notice – not least when the notice was a generic letter but their later email was tailored to Mrs A. But Erudio then defaulted the account *because* Mrs A hadn't repaid her arrears. I can see why this would have come as a real shock for Mrs A, given they'd just told her they weren't asking her to repay those same arrears. Further, Erudio's email only said that Mrs A should clarify the evidence at her earliest convenience. It did not give her a solid deadline or mention that her account was about to default if she didn't get back to them before then.

So I think Erudio got things wrong here. And I can see that this caused Mrs A some real trouble in trying to get things sorted out, as well as some substantial upset when her account then defaulted. I think it's fair that they should pay Mrs A £150 compensation for the trouble and upset caused.

**My final decision**

For the reasons I've explained, I uphold Mrs A's complaint and direct Erudio Student Loans Limited to pay her £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 10 January 2022.

Adam Charles  
**Ombudsman**