

## **The complaint**

Mrs W complains that Erudio Student Loans Limited (Erudio) have incorrectly defaulted her account without letting her know.

## **What happened**

Mrs W took out student loans as an undergraduate and later as a postgraduate with the Student Loans Company (SLC). Mrs W has never earned enough to repay any of the loans and has applied to defer repayments each year as required.

In March 2014 the undergraduate loans were transferred from SLC to Erudio to administer. At this point Mrs W's loans were all in deferment. Erudio was given Mrs W's address from SLC.

Mrs W moved to a new house in August 2014 and advised SLC of her new address. She also completed deferment forms for her loans. It appears that SLC deferred the loans that it was administering but no deferment forms were sent to Erudio and as a result the account became repayable in January 2015. Erudio sent repayment reminders, arrears notices and a default notice, all to Mrs W's old address. The account defaulted in June 2016.

Erudio appointed a debt collector to trace Mrs W and that company eventually contacted Mrs W in 2018. Mrs W then tried to deal with the matter with the debt recovery company. Despite the information from the debt recovery company Erudio continued to write to Mrs W at her old address until she made a complaint in December 2020.

Mrs W complained to Erudio that she was never made aware that it was involved and she continued to send her deferral form to SLC. She asked for the deferment to be re-instated. Erudio responded that it was Mrs W's responsibility to update her address and the account had been correctly defaulted. Mrs W brought her complaint to this service. Mrs W also complained that Erudio had incorrectly handled her SAR when dealing with the complaint.

Our investigator didn't think that the complaint should be upheld. They didn't think that Erudio was at fault as SLC had given it Mrs W's old address and so it could only write to her at the address it had been given. In dealing with the SAR they thought that the offer of £100 for the delay and the attempts to fulfil the request and put matters right was fair and reasonable.

Mrs W didn't agree and asked for an ombudsman to review the complaint. When I looked at the matter initially, I asked the investigator to request any letters that were sent to Mrs W by Erudio at the point it took over the account. Erudio did not respond despite an email and telephone request so I made a provisional decision upholding the complaint based on the information on 31 May 2022.

Erudio responded to my provisional decision and stated it did not agree as Mrs W was informed of the assignment of her loans. It enclosed a copy of a letter that it states was sent to Mrs W in March 2014 confirming that her loans had been purchased by Erudio.

Mrs W responded to my decision stating she agreed with my conclusions and she had never been sent a copy of the letter that has now been produced. Mrs W stated that she had asked Erudio for all correspondence that was sent to her previous address and this letter was never included. In addition Mrs W points out that the letter addresses her by her maiden name despite telling SLC that she was married in 2009. Mrs W stated that if she had received this letter she would have made the appropriate arrangements to defer her loans with 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 a long and complex background to this case which is not necessary for me to rehearse in detail in this decision. I would like to assure the parties that I have considered all the information afresh in detail in the light of the responses to my provisional decision. I will focus on explaining my reasoning as much of the subsequent developments flow from the transfer of the account to Erudio.

I am not persuaded that Erudio told Mrs W that it had taken over the handling of her loans in March 2014 despite the letter it has now produced. It is striking that this letter has never been disclosed, either in response to Mrs W's request for all the letters sent to her previous address or as part of the original file submission to this service. Erudio did not respond to either telephone calls or an email requesting this information prior to the making of my provisional decision.

Further, Mrs W states that she did not receive this letter. She states that it is in her maiden name, despite the fact that she married in 2009 and informed SLC of her change of name. Mrs W also states that if she had received the letter she would have notified Erudio of a change of address as she did with SLC.

I note that the letter states, under the heading "Next Steps" as follows;

"Our records indicate that you do not have a repayment plan in place. Please contact us ....We have the expertise to help you to review your situation, tell you what your options are, and tailor a payment plan that you can afford."

That information was incorrect as Mrs W had deferred repayments and the deferment arrangement was not due for review until November. If Erudio had sent this letter and Mrs W did not contact them in response then I would have expected it to send a further chasing letter. There is no information in this letter which explains to Mrs W that Erudio will send deferral forms for completion in November in the same way that SLC had done.

Erudio had Mrs W's address and was aware that her account was in deferment and had been that way for a considerable period of time. It seems reasonable to conclude that this would be the position for the following year and that Mrs W was likely to apply to defer. The application for deferment was sent to Mrs W in November 2014. It appears likely that this was the first time that Erudio had written to Mrs W. It is also of note that the application form was returned to Erudio and so at that stage it was aware that Mrs W was not receiving post from Erudio.

Mrs W had notified SLC of her change of address and completed her deferral forms for the loans it continued to administer. She says she was not aware that Erudio was involved and if she had been, she would have completed deferral forms for those loans as well.

I consider that Mrs W's testimony is very persuasive. Mrs W had no reason not to complete

the deferral forms as she is in receipt of benefit and would automatically be entitled to a deferment. Mrs W has consistently completed these forms each year. Mrs W made sure that SLC were made aware of her new address. It seems likely to me, based on the information I have, that Mrs W was not made aware that Erudio were involved and the letter dated March 2014 never reached her. Mrs W had no reason not to complete the forms and she has never earned enough for the loan to become repayable.

I think it would be fair and reasonable for Erudio to have written to Mrs W at the point of taking over the account to let her know what had happened with her loans and set out her obligations with regard to a subsequent deferral. Even if Erudio sent the letter in March 2014 I don't consider that this was enough or that it has acted fairly before defaulting the account.

I don't think it can be reasonable to say that Mrs W was responsible for telling Erudio she had moved when she was never aware it was involved.

Further, despite being aware that correspondence was not reaching Mrs W at her old address and being aware from a debt recovery company that it had instructed that Mrs W had moved house it continued to write to Mrs W at her old address. I don't currently consider that this is fair or reasonable in the circumstances. It is clear to me that administrative issues with the transfer to Erudio has caused a problem with the continuity of the deferral. Mrs W has never sought to avoid her obligations and I don't consider that Erudio should be able to take advantage of administrative confusion to demand repayment of a debt that would otherwise not be repayable.

I don't think that Mrs W is at fault and Erudio should have done more before defaulting the account. I therefore uphold this complaint and require Erudio to put Mrs W back in the position she would have been in if she had been aware that Erudio were administering the account. This means that Erudio will need to arrange to remove the default and place the account back into deferred status.

I think that the failure to keep Mrs W fully informed about the transfer of her account has had significant consequences for her. She has been attempting to resolve this matter for a number of years and has explained that the whole process has been very distressing. She is in receipt of benefits, has been chased by debt collectors and had a default registered against her. Mrs W's attempts to find out exactly what was sent to her previous address have been unnecessarily convoluted. I consider that in addition to putting the account back to deferred status Erudio should also pay Mrs W £500 for the trouble and upset caused. I am not able to consider the SAR request as part of this complaint as this is more properly dealt with by the Information Commissioner.

### **Putting things right**

Erudio should take steps to remove the default and place the account back into the position it would have been in if Mrs W had completed the deferral forms. If this means the loans would have been written off then Erudio should arrange to do this.

Erudio should pay Mrs W £500 for the trouble and upset caused.

### **My final decision**

My final decision is that I uphold this complaint and Erudio should put things right by doing as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 September 2022.

Emma Boothroyd  
**Ombudsman**