

## **The complaint**

Mr J is unhappy that Erudio Student Loans Limited are pursuing him for arrears and have threatened to terminate his agreement.

## **What happened**

Mr J had a deferred student loan that was administered by Erudio. His deferment came to an end in May 2018, and Erudio started collecting payments in June 2018. However, due to a change in his personal circumstances (which included a change of address), in October 2018 Mr J asked Erudio to cancel his direct debit, which they did. Erudio also told Mr J that, if he wanted to defer his loan, he'd need to make a formal application to do so.

Erudio started sending Mr J Notices of Sums in Arrears (NOSIA's), although they were initially sent to his previous address. Upon receipt of these, Mr J started his application for a deferment. He also contacted Erudio about what'd happened. Erudio treated this as a complaint, and acknowledged they hadn't changed Mr J's address on their systems in October 2018, when he advised them he'd moved. And they paid Mr J £50 compensation.

But Erudio also explained that, as Mr J's student loan hadn't been deferred, he was responsible for making the payments, and was in arrears. So, they didn't think they'd done anything wrong by contacting him about this. They also explained that, if his deferment was accepted, then three months arrears would be removed but Mr J would still need to arrange to pay anything above this.

Mr J believed that Erudio had accepted the NOSIA's had been sent in error and, because of his age, the loan would be written off. As such, he didn't complete or send his application for a deferment. However, in May 2019, Erudio sent Mr J a default notice. At which point he submitted his deferment application and made a payment towards the arrears. And he contacted Erudio about the situation, explaining how he'd felt pressured into making a payment towards the loan. Erudio also treated this as a complaint, and they issued Mr J a formal response.

Mr J contacted Erudio in June 2020, to complain about how he'd been treated. And he asked Erudio to treat this as his first and only complaint – he didn't accept that he'd complained to Erudio in either February or May 2019. However, Erudio said that the Financial Conduct Authority defines a complaint as an expression of dissatisfaction. So, they thought they were right to deal with the matters Mr J had previously raised as complaints.

Because of this, Erudio only considered the new points Mr J had raised. And they wouldn't reconsider the matters they'd already dealt with. However, they did partially uphold Mr J's new complaint, and offered him £25 compensation.

Mr J wasn't happy with Erudio's response and he brought this matter to the Financial Ombudsman Service for investigation.

Mr J's complaint was initially dealt with by an investigator who thought we could consider all of his complaints. However, the complaint was reallocated to a second investigator after the

first investigator was unexpectedly away from the office for an extended period of time. The second investigator didn't think we could consider the complaints Mr J raised in 2019, as these were raised with us outside of the timescales for doing so.

Mr J wasn't happy with this and provided extensive comments as to why he considered that the issues he raised with Erudio in 2019 shouldn't have been considered as complaints by Erudio at the time. On 13 December 2021 I issued a decision explaining why we weren't able to consider the issues Mr J had raised in 2019; as they'd been brought to us out of time, because Erudio didn't consent to us considering these matters out of time, and because I didn't think there were any exceptional circumstances why Mr J hadn't been able to bring his complaints to us earlier. As such, I explained to Mr J that we are only able to consider the new complaints he raised in June 2020.

For clarity, these new complaints are:

- that Erudio failed to take a payment in May 2018 after the deferment had ended;
- that the email Erudio sent on 29 October 2018 was misleading and led Mr J to believe there was no timescale in which he needed to apply for a deferment; and
- that Mr J found the Remedy of Account letter he'd received confusing

Regarding these complaints, the second investigator said that Erudio hadn't been advised that Mr J's deferment had ended until 19 May 2018 and, as Mr J's payments fell due on the 15<sup>th</sup> of each month, she thought Erudio had acted reasonably by starting taking payments on 15 June 2018. She also said that the email Erudio sent clearly stated that payments would continue to accrue as arrears, until a deferment was agreed, and that this may result in the account being terminated.

The second investigator also said that Erudio provided an explanation of the Remedy of Account in their complaint response letter, which should've clarified what was necessary. However, she confirmed that Mr J should've been sent a statutory NOSIA in September 2018, but instead they only sent a letter confirming the amount of arrears and asked Mr J to contact them. Given this, she thought that the removal of the interest that occurred due to the non-compliance with the NOSIA was reasonable in the circumstances. And she didn't think that Erudio needed to do anything more.

Mr J also provided extensive comments as to why he didn't agree with the second investigator's conclusions. And he asked for an ombudsman to make a final decision.

### **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.

Having done so, I have reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

#### ***May 2018 payment***

In his comments on the investigator's view, Mr J has confirmed that he should've started repaying his student loan in 2003, but this was deferred as he earned less than the threshold for making payments until 2018. He also believed that his outstanding student loan would be written off in 2019, under the terms of the original agreement he'd signed.

Mr J didn't apply for a deferral for 2018, as his income was more than the threshold for making payments. And, given this, his first payment fell due on 15 May 2018. However, Erudio weren't advised until 19 May 2018 that Mr J's loan wasn't being deferred. Which was too late for them to collect the payment due on 15 May 2018. So, they started to collect payments by direct debit on 15 June 2018.

Mr J has said that he wasn't aware of the missed payment, and therefore that his account was in arrears by one payment, until he received a Notice of Default in May 2019.

However, I've seen that Erudio wrote to Mr J on 5 September 2018, advising him of the annual reschedule on his account. At the top of this letter it clearly states "*Arrears: £145.03.*" In addition, they sent him an email dated 29 October 2018 (see below for the full text of this email) which also confirmed "*Account Arrears: £145.03.*" While I can't say for certain if Mr J ever received the 5 September 2018 letter (although I have no reason to suspect he didn't as he didn't advise Erudio that he'd moved address until 22 October 2018), as he's complained about the 29 October 2018 email, I am satisfied that he received this.

What's more, Mr J made the payments from June to October 2018. So, when he received the letter of 5 September 2018 / email of 29 October 2018 stating he was in arrears, this wouldn't have made sense to him, as he would've believed he'd made all the required payments to that point.

I think that Erudio should've contacted Mr J in May 2018, when the deferment ended, to let him know that he would need to manually make the May 2018 payment. And I can't see that they did. However, given the above, I'm satisfied that Mr J was aware that he'd missed a payment by no later than October 2018, and I would've expected him to query this with Erudio if he was unaware what this related to. But he didn't, which implies that he was aware of what the arrears related to.

So, while Erudio could've done better in this instance, I won't be asking them to provide any additional compensation to Mr J for this.

I've also noted that, in their complaint response letter of June 2020 to Mr J, Erudio confirmed that because Mr J's account was in arrears, it wasn't eligible to be written-off in 2019 as he'd expected. And the arrears would need to be paid before a write-off could occur. However, they also confirmed that, if his account were to be defaulted, then any rights to a write-off would be lost.

Given this, I'm therefore satisfied that Erudio acted reasonably by not writing off Mr J's loan in February 2019.

*email of 29 October 2018*

For clarity in this matter, I think it would be beneficial if I quote this email in full:

*Dear [Mr J]*

***Reference Number: [supplied]***  
***Account Balance: £10,242.78***  
***Account Arrears: £145.03***

*Thank you for your recent correspondence in regards to your [Erudio] account.*

*We can now confirm that we have cancelled your Direct Debit on the account. Please find attached to this email a deferment application form, once completed, please send it directly to [details provided] along with all relevant supporting evidence.*

*Please be advised that if you do not defer, any missed payments will accrue on your account as arrears.*

*If you require assistance, please do not hesitate to contact us.*

*Kind Regards,*

Mr J believes this email is ambiguous as it suggests he is ok as long as he defers at some point; that the email clearly says *unless* and not *until*; and that Erudio had an obligation to be totally clear. And, as they weren't, then he should be given the benefit of the doubt.

However, I disagree with Mr J's assessment of this email. And, as there are no contradictory statements, I don't consider this email to be ambiguous.

While the email could've had more detail, I think it's clear in what it says and implies:

1. The email says that Mr J's account is in arrears.
2. The email says that Mr J's direct debit has been cancelled. This implies that no further payments would be automatically collected, and I don't think that any reasonable person would think they would be.
3. The email says that Mr J has asked about a deferment and the application form for this was attached. I accept Mr J's point that no timescale was provided for him to make this application, but I don't think that this was necessary. And the remainder of the email is clear in what would happen if a deferment isn't put in place.
4. The email says that if the account isn't deferred, then any missed payments would accrue as arrears. This implies that the sooner a deferment is put in place, the less of an impact it would have on the amount of arrears. And, even if this implication wasn't clear enough, I'm satisfied that this doesn't imply that there's an unlimited timeframe in which to apply for a deferment, and there'll be no implications from delaying making such an application.

Given this, I'm satisfied that Erudio acted reasonably by both sending this email, and by treating any missed payments before a deferral was put into place as arrears.

Mr J has also raised the point that Erudio could've contacted him between October and December 2018, to chase up his application for a deferral, which would've prevented unnecessary arrears. But I don't think that was Erudio's responsibility, as it was Mr J who wanted to make a deferment, not Erudio who were asking him to do this. And Mr J was aware what would happen if he didn't do this – payments would continue to fall due and, if they weren't paid, they would class as arrears. As such, I won't be asking Erudio to take any further action in this regard.

#### *confusing Remedy of Account letter*

On 20 May 2019, Erudio wrote to Mr J in a letter entitled Remedy of Account. In this letter they confirmed that, due to a system error, they hadn't always complied with statutory requirements (sending the NOSIA's in September 2018) and that these would need to be reissued. They also explained that, as a result, they were refunding £226.41 interest charges that had resulted from this non-compliance.

Erudio went on to apologise for their error and provided contact details (phone number and email) if Mr J had any questions about the letter.

I appreciate that Mr J wouldn't have been expecting this letter, and the fact that Erudio had made an error may've come as a shock to him. However, I'm satisfied they acted correctly by re-issuing the NOSIA's, and refunding any interest and charges that occurred as a result of their error. What's more, they provided contact details if Mr J wanted to discuss the letter.

I've also noted that, in his extensive comments on the investigator's view, Mr J hasn't specifically objected to the conclusion she arrived at about this specific point. As such, I won't be asking Erudio to do anything more.

### *NOSIA's*

In his comments on the investigator's view, Mr J has referred to not receiving NOSIA's in December 2018 and January 2019, which had been sent to the incorrect address. And he says this was a new issue raised in his complaint on 2 June 2020. However, after reviewing the evidence, it's clear Mr J raised the issue of correspondence being sent to an incorrect address in his complaint email of 13 February 2019. And, for the reasons already given in my previous decision, this is not something we're able to look into.

### **My final decision**

For the reasons explained, I don't uphold Mr J's complaint about Erudio Student Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 12 January 2023.

Andrew Burford  
**Ombudsman**