

The complaint

Mrs W complains about mistakes and poor service provided by Erudio Student Loans Limited.

What happened

I recently issued a provisional decision setting out why I intended to uphold Mrs W's complaint. I said:

Mrs W has two student loans with Erudio. In 2019 arrears accrued following the end of a deferment period. A deferment application was approved and arrears were backdated but not cleared in full.

In September 2020 Erudio sent Mrs W an annual statement. At this point, the loans were subject to deferment. The statement gave details about the monthly payment required when the loans weren't subject to deferment. The statement also provided the following information:

*"We will write to you in September each year telling you of the monthly repayments on your loan for the next 12 months. This schedule will show any changes in the amount your monthly repayment as a result of any change in the interest rate. If you are in deferment these amounts will not be payable. **We will write to you again 8 weeks prior to the end of your deferment to remind you of your monthly repayment when you should also receive a new deferment application form in case you wish to reapply.**"*

In March 2021 the Student Loans Company (SLC) wrote to Mrs W and said the deferment period was due to end in the coming months. SLC's letter gave the following information:

*"If you choose not to reapply for deferment... repayments will become due as of the current deferment end date. **You will receive a monthly payment schedule which will advise you of the exact repayment details.**"*

The deferment period came to an end in April 2021. Mrs W's income had increased above the threshold required to begin repayments. Mrs W's explained she was expecting Erudio to contact her and give details of the monthly payments, as promised, but no information was received.

Erudio sent Mrs W arrears letters and a notice of default due to the arrears on account. Mrs W cleared the arrears in July 2021 and complained.

Erudio responded to Mrs W's complaint and offered her a total of £150. Erudio apologised for the way it handled Mrs W's enquiries in 2019 and delays in responding to her in 2021. But Erudio didn't agree it had treated Mrs W unfairly in the run up to the end of her deferment.

An investigator at this service upheld Mrs W's complaint and asked Erudio to pay her a further £50. The investigator thought Erudio had given misleading information before Mrs

W's deferment period ended in April 2021. Erudio didn't agree so Mrs W's case was passed to me.

I previously issued another provisional decision, endorsing Erudio's existing offer. Mrs W responded and reiterated her view that Erudio had failed to follow up on its promise to send notice of the post deferment payments required.

What I've provisionally 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've reconsidered my approach and reached a different conclusion.

I've previously set out the background concerning Mrs W's complaint so have been reasonably brief above. I'd like to confirm that I remain of the view that the £150 compensation Erudio paid for 2019 service issues and 2021 contact issues is fair.

I've thought carefully about what Mrs W's told us concerning the information Erudio sent her. Having done so, I agree with Mrs W's view that the information she was given was unclear and misleading. I'll explain why.

Erudio's annual statement from September 2020 gave details of the monthly payment applicable when the loans weren't subject to deferment. As quoted above, the statement then specifically says Erudio will write to Mrs W eight weeks prior to the end of the existing deferment period and give a reminder of the monthly repayment. That step wasn't taken by Erudio.

I understand Erudio's claim that this step was fulfilled by SLC's letter. But the statement doesn't say SLC will provide the reminder, it says Erudio will. And SLC's letter in March 2021 (which Mrs W's told us wasn't received) didn't contain any payment details.

I recently asked Erudio to provide further comment on this point. Erudio responded to say that between its annual statement and SLC's correspondence the requirement to make a monthly repayment from May 2021 was made clear. I've read and considered the response and supporting information, but I think the wording used was misleading in Mrs W's case.

Mrs W's told us she was expecting Erudio to contact her directly in advance of the end of the deferment period in April 2021. I'm satisfied that's in line with the information Erudio provided in the annual statement.

Had clearer guidance or the promised information been given, I think it's more likely than not that Mrs W would've made arrangements to begin repayments from the end of the existing deferment period and her loans wouldn't have fallen into arrears.

I can see that Mrs W was upset at finding out there were arrears on her account. And I'm satisfied the way Mrs W's loans have been handed has caused unnecessary inconvenience too. In my view, the existing award doesn't fairly reflect the impact on Mrs W. So I intend to increase the settlement by £150. In my view, that more fairly reflects the impact of the distress and inconvenience caused to Mrs W.

I asked both parties to respond with any further information they wanted me to consider before I made my final decision. Mrs W responded and confirmed she was willing to accept. We didn't hear back from 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.

As Mrs W confirmed she is willing to accept the provisional decision. Mrs W advised that whilst Erudio had offered her a total of £150 when responding to her complaints it had only paid her £100, leaving £50 outstanding. We didn't hear back from Erudio.

My provisional decision was made on the basis that Erudio's existing offer of £150 should be increased by a further £150. That takes the total award to £300. If Erudio hasn't already paid the original settlement it offered Mrs W in full, it should take steps to do so when settling the complaint.

As no new information has been provided, I see no reason to change the conclusions I reached in my provisional decision. I still think Mrs W's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mrs W's complaint and direct Erudio Student Loans Limited to increase the total award by £150 (in addition to any compensation already offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 10 February 2023.

Marco Manente
Ombudsman