

The complaint

Miss G complains Erudio Student Loans Limited have added interest to her account when she was told they wouldn't. She's also unhappy with the content of their letters and says they're threatening her with potential legal action – which they also said they wouldn't.

What happened

I issued my provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant information below, and it forms part of this final decision.

As a result of a different complaint regarding Erudio's inability to provide clear account movements and calculations of the amount outstanding, on 11 October 2022 Erudio wrote to Miss G. In this letter they said the balance of her account remains outstanding – but no interest would be charged and they wouldn't pursue legal action in future. In a separate decision it was decided we couldn't look into the issues Miss G raised in this complaint because she'd brought them to our service too late.

Following that complaint, Miss G was contacted on several occasions asking for repayment of a defaulted amount. In February 2023 Miss G was contacted again by Erudio, and they said they'd added interest to the account. Miss G complained, as she said she'd been told they wouldn't add interest – and she wasn't happy with them threatening her in the letters.

Erudio said due to a system issue, when the previous complaint was closed on their systems, the updates led to interest being applied. They said sorry for this and removed the interest that had been added. In respect of the letter itself, they said the balance was outstanding, so they were sorry if Miss G was left feeling threatened by the contact, but they didn't think they'd done anything wrong. As the account is still outstanding, Erudio wanted to discuss the balance with Miss G. Overall they upheld her complaint and said they would send her a £50 cheque as compensation.

Miss G replied and said she has no intention of paying Erudio any further funds until they provide her with the necessary calculations to show the debt is owed to them.

Ultimately unhappy with Erudio's response, Miss G asked us to look into things. One of our Investigators did so and felt Erudio's response to put matters right was fair. Miss G didn't accept this, so the complaint's been passed to me to decide.

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.

Before Miss G's previous complaint, she was seemingly repaying the loan each month without any issues. So, it seems as though she accepts the loan account is hers.

With that in mind, I need to decide if Erudio have acted fairly when they contacted her with the letters asking her to repay the loan – and whether it was fair for them to add interest.

Erudio had said in the previous complaint they wouldn't be adding interest on to her account anymore. So, I can understand why Miss G wasn't happy when she received Erudio's letter dated 21 February 2023 which showed interest had been added.

On 18 November 2022 Erudio first wrote to Miss G explaining she'd not made a payment she was required to. Miss G herself has said she's stopped her direct debit – so this appears to be accurate. The next letter is dated 17 December 2022 – and this letter includes the following:

"Failure to make payment and/or contact us may result in legal proceedings to recover the full amount owed."

Another letter sent in December also refers to potentially taking legal action.

Miss G has said she's found them threatening. In context of the wording, I don't think the letters are. They're quite factual in nature explaining what Erudio may do if Miss G doesn't now make her payments.

But I don't think it was fair for Erudio to add interest and say they might take legal action, after they'd said they wouldn't in her previous complaint. I've noted Erudio said the interest was an error and I'm pleased to see they refunded this. Overall though, I don't think this fully recognises the impact on Miss G and I think total compensation of £200 is fairer. I know Erudio said they'd send Miss G a cheque for £50 so if this has been cashed they can take this off the final amount they pay her.

Going forward if Miss G doesn't pay her loan, and Erudio believe she legitimately owes it, then they'll likely continue to contact her. I'd remind Erudio they're required to provide Miss G with details of how to get help with debts if she feels she needs it.

Responses to my provisional decision

Neither party replied to my provisional 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.

As neither party replied to my provisional decision, I remain of the opinion £200 is fair compensation. As before, if Erudio have paid anything to Miss G, they can deduct this amount when finalising matters.

My final decision

I uphold this complaint and require Erudio Student Loans Limited pay Miss G a total of £200 compensation. They can deduct any compensation payments already made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 8 January 2024.

Jon Pearce
Ombudsman