

The complaint

Miss W complains Capquest Debt Recovery Limited trading as Erudio Student Loans have unfairly closed her student loan accounts.

What happened

Miss W said in January 2024 she was served a court order which said her student loans were in arrears and her debt had been passed to a debt collector. Miss W found Erudio had the incorrect address for her. Miss W said there had been issues in 2017, but she'd eventually managed to defer her loans at that time – and had done so every year since.

I understand the court action has since ceased.

Having complained to Erudio, Miss W received a letter after eight weeks saying they'd not been able to look into her complaint, and she could contact us if she'd like to.

Miss W duly did so – and as part of our standard process we asked Erudio for their file. They replied with an offer of £150, but said they wouldn't remove the arrears.

Our Investigator found we couldn't consider why arrears before January 2018 had been incurred under the rules we're required to apply – which I can see Miss W accepted. Providing an answer to the points we can consider - he thought the offer of £150 was a fair outcome – as although arrears had accrued on Miss W's account, he didn't think Erudio had caused this.

Miss W didn't accept this. She provided a detailed response, which primarily focused on her health. The complaint's since 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.

I'd like to firstly say how sorry I am to hear of all of Miss W's health concerns over the time periods she's talked about. I can't even begin to imagine how difficult things have been for her. I have taken this information into account, but fundamentally I'm required to be impartial. That means I have to look carefully at all the evidence and reach an outcome that is both fair to Miss W, as well as being fair to Erudio. I can't uphold this complaint against Erudio unless I think they've done something wrong. And I can't require Erudio to put something right unless I'm satisfied they're the sole or main cause of it going wrong.

As I understand it Miss W has three loans in total – two with Erudio, and another with a separate provider. Because of this, the deferment of her loans is carried out by the Student Loans Company (SLC) and Erudio aren't responsible for the deferment of the loan accounts – just the administration of them. When Miss W's loans are in deferment, then no arrears accrue – because she's not required to make any payments. But, when her account

isn't in deferment, then payments are due – and if she doesn't make them, then arrears do accrue.

Miss W wants her account to be reopened, and any arrears applied since August 2017 to be cleared – so the account can potentially be written off. The account could only be written off either 25 years after Miss W took out the loan – or once she reaches the age of 50 – and only then if there are no arrears (amongst some other conditions).

As I said above, SLC are responsible for the deferment of the loans, and the information I have shows:

- In December 2015 Miss W had £750.56 worth of existing arrears
- This then increased in September 2018 initially to £813.15, before reaching £938.89 in November 2018
- The account was defaulted in December 2018 – leading to £3,289.94 being owed.

As I've set out above, I can't consider the arrears before January 2018 – so I'll focus on that, but arrears accrued before that for context.

Miss W says she didn't know the account had been terminated and this meant she had to pay everything back until she received the contact from the court. Because of this, she thinks all arrears from 2017 onwards should be cleared.

It seems the reason Miss W didn't know anything about this is because Erudio were sending letters to an incorrect address. And although they had contact phone numbers and email addresses for Miss W, they didn't seemingly use them.

Erudio have accepted they made errors here and offered Miss W £150 compensation to reflect the distress they've caused.

Miss W hasn't accepted this, saying she still meets the terms to defer her loan – so wants her account reopened and back dated to when the deferment didn't go through in 2017 / 2018. Miss W blames Erudio for this.

I don't think it's good enough that Erudio did only write by post to Miss W at the time. I think more generally it'd be fair and reasonable for Erudio to use all contact methods to try and help their customers defer. I'd also point out that until 2023 Erudio had on their website that they'd try and contact their customers by phone – but seemingly didn't do this.

So I think that's poor, and worthy of compensation – I'll come back to this at the end. That's because I need to fully consider the impact of this error.

Miss W says the full impact is the account has terminated, meaning the whole balance is due, which has impacted on her credit file.

But I need to consider what would have happened, or what I think is more likely than not to have happened, if Erudio had managed to contact Miss W.

As set out above, Miss W had existing arrears from December 2015. This in itself would prevent the cancellation of the loan – as you can't have any outstanding arrears for the loan to be cancelled. I've not seen anything to suggest Miss W had a plan to pay off these arrears in the three years between them accruing and the account being terminated.

I'm also aware Miss W knew she had arrears on her account from the phone call in August 2017 – in this call she acknowledges the outstanding arrears. This call is more than a year before the account terminated as well.

Taking everything into account, the evidence shows Miss W was aware for a long time about the arrears but seemingly didn't or wasn't able to make arrangements to repay these arrears. As such, I can't reasonably say Erudio's lack of contact with Miss W is directly or solely responsible for the termination of the account.

So, I won't be upholding this element of her complaint. But I do remain of the opinion Erudio made mistakes when attempting to contact Miss W – and that £150 compensation for that is fair.

My final decision

I partially uphold this complaint and require Capquest Debt Recovery Limited trading as Erudio Student Loans to pay Miss W £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 13 June 2025.

Jon Pearce
Ombudsman