

## The complaint

Miss M complains Capquest Debt Recovery Ltd trading as Erudio Student Loans failed to correctly defer her student loans, leading to arrears outstanding.

## What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

*Miss M had student loans with the Student Loans Company (SLC). Her accounts were sold to two different companies, Erudio, and a company I'll refer to as T. Miss M can defer repayments to the student loans, if she meets certain criteria. If the account(s) aren't in deferment then the contractual monthly repayments are due. The deferment process is carried out each year, and SLC decide if someone can defer or not – but Erudio and T are responsible for the administration of the accounts.*

*Miss M's account now administered by Erudio was taken out on 23 September 1998 and would be eligible for cancellation either after 25 years from taking out the loan, or once Miss M reached the age of 50 (whichever the earlier) if there were no arrears on any of her student loans. Miss M's loan was first eligible for cancellation on 23 September 2023 – 25 years after it was taken out.*

*Erudio explained Miss M's account with them was terminated on 18 August 2022. This is because her last deferment with them ended in April 2022, and although they tried to get in touch with her, they couldn't – and she didn't make the contractual monthly repayments when they were due. As such, Miss M accrued arrears, and Erudio say she owes the whole balance.*

*Miss M replied to Erudio to say she was confused, as until 20 October 2023 she'd been making repayments towards outstanding arrears which had previously been agreed. But, when she found she could no longer afford those payments as her circumstances had changed, she contacted them by email, giving her contact details and asking for deferment forms.*

*After raising a complaint to Erudio, and where they weren't able to reply within the required eight weeks, Miss M asked us to look into things.*

*As part of our standard process, we asked Erudio for their files. In their response, they explained:*

- Miss M hadn't been paying anything to them, she'd been paying arrears on the accounts with T*
- There was no evidence she'd been in touch with them – so they thought the termination of the account had been carried out fairly*
- She'd previously updated her postal address with them when she lived in another country, so knew what to do and should have done it again*

- But, Miss M had told them of her new address in October 2023, which they didn't update until January 2024 and wanted to offer £150 for – they reiterated this didn't impact the termination of the account, which occurred in August 2022

Our Investigator considered things, and overall didn't uphold the complaint. They found Miss M hadn't deferred her account in 2022, which led to repayments becoming due on the loan. And, even if Erudio had contacted Miss M, evidence from the time suggested she couldn't afford to make the repayments.

Miss M strongly disagreed with this. She accepts she couldn't defer in 2022 as she was slightly over the threshold for doing so. But, she could afford to make payments, and her comments about her financial circumstances at the time were misunderstood. Miss M provided a bank statement from covering September 2021 to September 2022 – which showed she could afford the loan repayments. Because Miss M didn't agree, the complaint's been passed to me to decide.

Before doing so, I arranged to ask Erudio, T and Miss M further questions to help me understand what had happened in this case. Erudio and T replied. Miss M didn't reply by the deadline. But, based on Erudio and T's replies, I'm satisfied I have enough to reach this provisional decision – which still gives Miss M a chance to reply and provide any further information if she'd like to.

### **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.

I think it's important to explain my role is to assess whether Erudio have done anything wrong and, if I think they have, then whether they should put that right. What I mean by that is even if Erudio have done something wrong, I need to consider if I think events would have turned out differently or not.

As I've set out above, Miss M wanted to defer her loan account with Erudio – but the SLC decided she didn't meet the threshold for doing so. This meant repayments towards her loans with Erudio and T became due.

Focusing on Erudio, I'd expect them to make every effort to contact Miss M in order for her to begin repayments. The reason for this is simply because not making repayments can have a significant impact on someone's credit file, and ability to borrow money in the future.

So, I'd expect Erudio to use every method available to them when repayments on the loan account became due – but they didn't do this. Erudio only sent postal reminders. I don't think generally this would be good enough, and certainly not in Miss M's case where the address they held for her was overseas. Realistically, these notices are time sensitive, so I'd expect Erudio to attempt to use far more timely communication methods to contact someone – specifically, phone and email.

Because they didn't, I'm satisfied Erudio have made a mistake here, and I think they should have done more.

In contacting Erudio, we asked them what contact details they held for Miss M. We asked this to establish precisely what more they could have done. Erudio told us they didn't have a phone number for Miss M, but did have an email address. Given what I've said above, I think Erudio should have emailed Miss M to try and notify her about the repayments becoming

*due, and then the arrears accruing because no payment was made – as well as telling her about the default when they registered it.*

*Erudio have said there is no requirement for them to have emailed Miss M, or called her, so don't think they've done anything wrong. For the reasons I've mentioned above, I don't agree with that. But, Erudio also went on to say Miss M had been told by the SLC to contact both T and Erudio to arrange repayments – so say even if they had contacted her, they're not convinced she would have set up repayments with them.*

*It's clear Miss M was a bit confused when she first contacted Erudio, as she thought she was paying money to them – but it transpired she was only paying money to T.*

*Miss M has also given conflicting information about her finances. At the time she told T she was 'financially on her knees' and needed to agree a repayment plan. But when making her complaint, has said she could have afforded to repay the loan. Miss M also provided a bank statement from the time to prove this.*

*I did ask Miss M to explain this apparent discrepancy, as I wanted to understand if this in some way had contributed to her not paying Erudio when she should have done. But, as she's not replied, I don't know if it did or not.*

*Overall, at this point I'm currently planning to say although I think Erudio did make an error in not doing all they can to contact Miss M, I don't find they need to do anything more in relation to the deferment. I say this because the evidence I have shows Miss M was told to get in touch with Erudio to set up a repayment plan by the SLC, and didn't. So, I'm not persuaded if Erudio had got in touch, she'd have set up a repayment plan with them.*

*I have though noted Erudio wanted to offer Miss M £150 for failing to update her address over a period of several months. I can't see this error would have had any significant impact on Miss M because her account with Erudio had already been defaulted – so I'm satisfied this offer for the error is fair.*

## **Responses to my provisional decision**

Miss M replied and said sorry for not responding to my questions as she had drafted a reply. In summary, she explained:

- When she contacted T, she genuinely was under intense financial pressure and had a lot going on – including pending property repayments, ongoing legal fees and tuition costs.
- While she was able to make the payments asked by T, her statement from the time doesn't reflect the broader financial picture – and at the point of her request, she was very concerned about being able to meet all of her obligations – she didn't intend to mislead anyone.
- She also provided bank statements, explained her loan with T was ongoing, and did change her email some time ago due to her account being hacked – but the current one is what Erudio had, as they've used it to communicate with her

Erudio also replied, and said they had nothing to add.

## **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 firstly like to thank both parties for replying as promptly as they have, which has allowed me to finalise this matter.

I'm grateful to Miss M for providing the detail she has about what happened – based on other comments she's made it's clear this was a period of significant change for her which wasn't easy.

Ultimately though, I'm still considering whether Erudio did anything wrong and, if so, whether that is the reason Miss M didn't make the repayments on her loan when they became due.

I remain of the opinion Erudio did make an error for the same reasons mentioned in the provisional decision – but I also remain of the opinion this wouldn't have made any difference to the outcome in this case.

Miss M was explicitly told to contact Erudio by the SLC, but she didn't do so. As such, I'm not persuaded if Erudio had contacted her, that she would have started to make the repayments she was required to.

As such, I remain of the opinion the £150 compensation Erudio offered for the delay in updating her address after the above events is a fair way to resolve this complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 10 July 2025.

Jon Pearce  
**Ombudsman**