

The complaint

Ms H complains Capquest Debt Recovery Limited trading as Erudio Student Loans (Erudio) haven't written off her student loan when she thinks they should have.

What happened

Ms H holds a student loan with Erudio. Each year she's required to fill in a deferment application form (DAF) if she thinks she's eligible. A deferment means Ms H wouldn't have to repay her student loan during that year – if she meets certain criteria. There is an age-related cancellation term – which means after 25 years the loan can be cancelled.

Ms H has shared some very sensitive information about her personal circumstances around the time the deferment was due. I won't go into detail, as this decision is published on our website, but I was sorry to hear about what's happened.

Ms H says due to those issues Erudio shouldn't have terminated her account – amongst other things.

Erudio have recorded Ms H's complaints as:

- She didn't receive any letters up to the point of her account terminating
- They had her email address and phone number but didn't try and contact her using these methods
- They've breached Data Protection by outsourcing her account without her permission
- Her account should qualify for an age related write off
- She'd like them to consider reinstating her account based on her personal circumstances
- One of the agents she spoke to wasn't helpful

Erudio said the last deferment on Ms H's account expired on 14 January 2022. They said they wrote to Ms H about deferring again on 3 November 2022 and 17 December 2022. They now understand Ms H didn't live there, but as she didn't update them they didn't know that. Erudio have said between 6 February 2023 and 27 March 2023 they tried to call Ms H 24 times – as she hadn't returned her paperwork. Erudio said all calls went to voicemail, and no replies were received. In respect of her email address, they don't issue regulatory information by email which is in line with the Financial Conduct Authority's (FCA) regulations.

Erudio said Ms H had told them she couldn't update her address or phone number – but they'd need evidence of this from the police or a medical professional. Erudio said they couldn't reinstate an account where they hadn't made an error without this.

In respect of transferring the debt, Erudio said the original terms and conditions allowed them to do that – so they didn't think they'd done anything wrong. In respect of the age-related cancellation, as the account terminated this is no longer an option. They also listened to a phone call on 26 August 2023 and agree it could have been handled better. They

upheld this element of Ms H's complaints, and sent her a cheque for £50, but didn't uphold the remaining points.

Unhappy with this Ms H asked us to look into things. One of our Investigators did so – upholding the case as she felt Erudio should have also tried to contact Ms H by email.

Ms H accepted the outcome, but Erudio didn't. They said Ms H hadn't formed a reliance on emails being sent for her to defer, and in any event they weren't required to do so anyway. They added they'd called, text and written to her, so it was unfair to suggest they hadn't tried to make Ms H aware of the deferment process.

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 think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

I've noted Ms H had multiple complaints with Erudio, but has then focused on the account being terminated with our service. For completeness, I've reviewed what happened with the other complaint issues, and I can't see the outcome of those has caused any unfairness for either party. With those points covered, I'll now go on to focus on whether I think Erudio have acted fairly when terminating Ms H's account.

Erudio's view of this is they wrote to Ms H's last known postal address but got no answer. They also phoned and text her last known phone number and got no answer. So, as there was no Erudio error then it's unfair the complaint is being upheld against them.

Ms H has accepted she didn't update her postal address or phone number with Erudio. Ordinarily, this might be sufficient for me to say Erudio couldn't have done much more given it is the customers responsibility to update their details.

But, on a fair and reasonable basis I have to take into account what Ms H has said about *why* she didn't update her details with Erudio. She's explained to both us and Erudio her difficult personal circumstances.

Erudio's response to this was to ask for letters from relevant third parties and then they'd consider things – but otherwise as they hadn't done anything wrong they wouldn't reinstate the account.

At this point, although Ms H hasn't updated her details as she should have done, I'm satisfied there was a plausible and understandable explanation for her not doing so. As such, I think it's then appropriate to reconsider Erudio's actions in trying to reach Ms H to remind her about the deferment process.

Erudio have made admirable efforts at this point – but did have another method of contact they could have used and didn't – Ms H's email address.

Ms H has said this hadn't changed, so had Erudio sent her a message on email, she'd have received it and then applied to defer her account.

Erudio say the last time they emailed Ms H about deferring was 2020, they're not required to have sent an email and don't think we should be ruling on this point – and they say even if they had emailed Ms H's historical reaction to emails suggested she wouldn't have acted on it.

It's unclear to me why Erudio would stop emailing customers – though of course that's their choice and isn't something I can order them to change. But, I am required to consider the impact of that process on Ms H. Here, Erudio seem to have changed their approach from 2020 to 2022 when this deferment process started.

The evidence I have shows Ms H received deferment emails in 2018, 2019 and 2020 – and Erudio have said the evidence shows Ms H wasn't prompted by these emails to complete deferments.

I can see their point – for example an email about deferring was sent on 22 October 2019, but the deferral process wasn't completed until 2 January 2020.

But I don't think this is as definitive as Erudio want it to be – as 12 weeks is given which meant Ms H had until 12 January 2020 to defer on this occasion. So, she did defer within the timeframe given in the email.

The key thing to remember is, at this point, Ms H for understandable reasons hadn't updated her postal address and phone number because her circumstances had materially changed. So, what she might rely on has changed. And fundamentally my role is to assess whether I think Erudio have made an error, or otherwise not treated someone fairly and reasonably.

In this case, I'm persuaded in these circumstances that if Erudio had sent Ms H an email to defer, then she would have done so within the timeframe quoted. As a result, I'll be upholding this complaint.

I also think Erudio should pay Ms H some compensation. By not sending the email I think they should have, this has caused Ms H distress and is reminding her of an already difficult time. I think a payment of £250 is a fair reflection of this.

Finally I have noted Ms H suggested Erudio were responsible for her not getting finance previous – but given her comments I've factored that into the award of £250 I've mentioned above.

Putting things right

Erudio need to:

- Reverse the account termination
- Remove the default and any adverse information recorded on Ms H's credit file from 3 November 2022 onwards
- Allow Ms H to make a backdated referral application for January 2023
- If this application is successful, then assess if Ms H qualifies for the age-related write off at the time
- Pay Ms H £250 compensation

My final decision

I require Capquest Debt Recovery Limited trading as Erudio Student Loans to carry out the actions in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 8 October 2025.

Jon Pearce
Ombudsman