

The complaint

Mrs J complains that Capquest Debt Recovery Limited trading as Erudio Student Loans (Erudio) terminated her student loan account and didn't contact her about deferment.

What happened

Mrs J took out a student loan many years ago. She had previously deferred repayment of the loan because she was earning less than the threshold required to start making repayments. Erudio said it didn't receive Mrs J's deferment application for July 2023 and because it couldn't collect repayments, it defaulted the account and the agreement was terminated.

Mrs J says she didn't receive any contact about the deferment due in July 2023, and had she have received this, she would have made an application to have the repayments deferred again, as she had done in previous years. Mrs J said she had, in previous years, received emails about deferment but hadn't on this occasion. Erudio says that it sent Mrs J letters to the address it held on file for her, but Mrs J says she didn't receive any of these letters. Mrs J also said Erudio had been trying to contact her on a number she didn't recognise.

In addition to this, Mrs J says that during the time of the deferment, she was going through a very difficult time with her mental health. She had moved out of the home she shared with her husband and moved back in with her parents so she could receive treatment for the difficulties she was having with her mental health.

Erudio responded to Mrs J's complaint and upheld it in part. It said that in relation to the account termination, the correct process was followed, and the termination would still stand. It said that it had written to Mrs J on several occasions to advise her of the status of the account, but it hadn't received a response from her. And because the deferment had expired and no repayments were made, the account was defaulted and correctly terminated. Erudio did listen to some calls that Mrs J had had with it when she called about deferment (following the termination) and it thought it should have provided a better service, and because of this, it offered to pay her £200.

An Investigator considered the evidence provided by both parties, but they didn't uphold Mrs J's complaint. In summary, they concluded that Erudio had made numerous attempts to contact Mrs J about the status of her account, and they were persuaded that the letters had been correctly sent to the address Erudio held on file for Mrs J – so they didn't think Erudio needed to do more in terms of the termination of the account. They also felt that the £200 Erudio had offered Mrs J was a fair way to put things right for the customer service issues she'd experienced.

Mrs J didn't agree with the Investigator's view. I have summarised her main points below:

- Her health and Erudio changing the way it contacted her (from email to letter) were contributing factors to her missing the deadline for deferment.

- The seriousness of her illness prevented her from functioning normally in her daily life, work, relationships and at times she says she was unable to leave the house.
- She didn't update her address with Erudio because she didn't think she needed to – she was still receiving mail from her previous address as it was being forwarded to her.
- She had received letters from Erudio in the past, but none that related to the deferment process or termination of her account.
- She was expecting Erudio to contact her by email as it had done in the past.
- Voicemails were being left on an incorrect number that Erudio held on file.
- In July 2023, it hadn't occurred to her that her deferment period was coming to an end because at the time she was unwell.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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.

Having considered all of the available evidence, I'm sorry to disappoint Mrs J, but I don't uphold her complaint. I appreciate this decision will come as a disappointment to her, however I will explain my reasons for this below.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mrs J's complaint in less detail than she has. If I've not reflected 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. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

I can see that Mrs J has provided this Service with some medical evidence that she says shows her situation at the time of the deferment. However, my decision will be focussing solely on whether Erudio fairly and reasonably defaulted and terminated her account at the time. I note Erudio has said that it would consider Mrs J's medical evidence when deciding if it could reinstate her account on medical grounds. It should still do this. It isn't for this Service/me to decide as part of this complaint whether Erudio should accept Mrs J's evidence, I can only decide whether Erudio has acted fairly and reasonably in considering that information. And because, as far as I'm aware, Erudio hasn't considered Mrs J's medical evidence at the point it issued its final response, I can't consider this as part of this complaint. To summarise then, Mrs J will need to provide medical evidence to either Erudio or Capquest so it can determine whether what she's provided meets its criteria for reinstating the account.

It might also help to set out how this Service considers complaints. I say this as I'm aware Mrs J has provided a lot of information about what she has been through in recent years, and I am truly sorry to have read this. But being independent means, I must take a step back and consider the evidence provided by both parties. And I can only order Erudio to put something right, where it has done something wrong. And for the matters considered as part

of Mrs J's original complaint – the deferment and termination of her account – I can't fairly conclude it has done anything wrong, for the following reasons:

- I've seen evidence to show that Erudio contacted Mrs J on around 10 occasions by letter. This was to let her know the status of the account. The letters appear to have been sent to Mrs J's previous address (which was correct at the time), and its internal records appear to show the letters were sent. So I'm persuaded that Erudio did what it was required to do in notifying Mrs J. I appreciate that Mrs J has said she didn't receive any of the letters Erudio sent during the deferment period and beyond. While it is very difficult for me to make any finding on why this might be, I'm satisfied they were sent, and so I can't hold Erudio responsible for them not having been received.
- I note Mrs J says she was expecting to receive an email from Erudio about deferment – as it had done so previously. There's no set way that Erudio is required to communicate with its customers. Given that I'm satisfied it did make numerous attempts to contact Mrs J by letter, I can't fairly conclude it has done anything wrong here.
- Given the severity of missing the deferment period, and consequences of the account defaulting and terminating, I would have expected Erudio to have tried another method of communication in an attempt to contact Mrs J. I can see it sent Mrs J a text message before deferment, and it made several attempts to call her in November 2023. Mrs J says she didn't get the text message or the voicemails because Erudio had been trying to contact her on a number that wasn't hers. I've looked at what's happened here, and I can see Erudio was trying to contact Mrs J on the number she had provided Erudio on at least two deferment applications – the first I have seen in 2016 and the other in 2022. It was one digit different to the number she updated her details with. I don't think it was unreasonable of Erudio to have attempted to contact Mrs J on the number she provided it with.
- Overall, I can't fairly conclude that Erudio didn't make attempts to contact Mrs J about deferment and termination and so I can't fairly conclude that it did anything wrong when it took the action it did.
- I understand Mrs J will be disappointed by this, as I can see she has been through a really difficult time. However, I must consider what was reasonable of Erudio to have done at the time. And as I've explained, Erudio or Capquest should now consider Mrs J's medical evidence to determine if this is enough for it to reinstate her account. If Mrs J remains unhappy with how it has handled things in light of this, she can complain about this if she wants to.
- I've also thought about the service Mrs J received following the termination. I think both parties agree that Erudio could have done better here. That said, I'm persuaded that the £200 it has offered her is a fair way to compensate her for this, and it's in line with this Service's general approach to distress and inconvenience awards which is on our website.

My final decision

For the reasons set out above, I don't uphold Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 21 November 2025.

Sophie Wilkinson
Ombudsman