

The complaint

Miss R complains Capquest Debt Recovery Limited trading as Erudio Student Loans won't reinstate her student loans on the original terms.

What happened

As I understand it Miss R has three student loans with Erudio. Every year, subject to certain criteria, she's able to defer making repayments to the loans if she completes a deferment application form. If doesn't defer in time, or doesn't meet the criteria for deferment, then the repayments become due.

In May 2022 Miss R's loans came up for deferment again. But, she didn't defer, so this meant repayments became due. Miss R said she thought a direct debit was set up for the repayments, but it seems one wasn't. Because of that, no payments were made to the loans, and Erudio terminated the accounts in September 2022.

Miss R says this is unfair, as she was extremely unwell at the time the deferment was due, she had a direct debit in place to make the repayments, and despite asking Erudio to reinstate the loans they won't, so she complained in December 2023. Miss R says Erudio suggested she pursue a request for the loans to be written off on medical grounds, but they wouldn't do that either. And she raised concerns about previous contacts in 2022 and earlier in 2023 which she said Erudio didn't deal with properly.

Erudio said they didn't think Miss R's account had terminated incorrectly or unfairly. They said they'd written to Miss R and the direct debit she's referred to was cancelled in 2019 and they wouldn't put it back in place without her consent. In respect of the medical write off, if Miss R could provide evidence she was permanently unfit for work, then they'd be able to consider it. Erudio agreed if their agents had discussed some of the points Miss R made in more detail then it could have led to a complaint being raised earlier in 2022 / 2023. They said sorry for this – but otherwise didn't think they'd done anything wrong.

Unhappy with this Miss R asked us to look into things.

One of our Investigators did so, and he found Erudio had overall responded fairly to Miss R's complaint.

Miss R didn't accept this. In summary, she said:

- What she'd like is for Erudio to reinstate her loans on the original terms – currently they're asking her to repay £12,000 which she simply doesn't have
- Erudio first suggested a medical write-off – not her
- While the issues with her loans were going on, she was not functioning in her private life and nor was she functioning at work
- She called Erudio in November 2021 and they confirmed everything was in order and payments would start to be taken in May 2022

Our Investigator didn't change his mind and gave Miss R until 14 November 2025 if she wanted to provide further information. But, as at the date of this decision, nothing else has been provided. I have noted Miss R said she was going to get another letter from her doctor – but for reasons I'll go on to explain I'm satisfied I don't need this to fairly decide the outcome of this case.

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 courtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

I firstly wanted to express my genuine sympathy for the extremely difficult situations Miss R has experienced and shared with our service. It's clear things have been extremely difficult for her. I've deliberately not gone into lots of detail about what she's said, as this decision is published on our website. But I wanted Miss R to know I've taken into account everything she's told us.

I do also need to let Miss R know that, although she really does have my sympathies for what she's experienced, I'm required to decide this complaint by deciding if Erudio have done anything wrong or otherwise treated her unfairly. If, after review of all of her evidence and testimony, along with Erudio's, I find Erudio didn't do anything wrong, then I can't reasonably uphold the complaint.

Did Erudio fairly terminate the account

Miss R says she did receive Erudio's letters before they terminated the account, but because of her health situation she couldn't deal with the correspondence. Miss R has suggested if Erudio had emailed her, then she would have. Miss R has also said she didn't think she needed to do anything regarding any repayments, because a direct debit was already set up to take the payments.

Erudio say they sent several letters to Miss R and didn't receive any reply. They also say it's not their process to email consumers about deferment. In respect of the direct debit, Erudio say this was cancelled in 2019 and they can't reinstate it without Miss R's permission.

As I mentioned above, I need to decide if I think Erudio have done anything wrong, which means they should then be required to take further action.

It's not in dispute that Erudio sent letters telling Miss R that her loan repayments were due – and it's not in dispute Miss R didn't open them.

I can't reasonably hold Erudio responsible for this, as they did send the letters telling Miss R she either needed to defer, or begin making payments. Based on conversations Erudio have provided notes of, it seems Miss R may not have been eligible to defer. In which case, repayments would become due.

I have noted Miss R's comment that if Erudio had emailed her, then she'd have dealt with things.

At the time of the issues in 2022 I believe Erudio said on their website they would try and use two different methods of contact when a deferment is due. And, in any event, even if they didn't I think if they had those details it would have been fair and reasonable to try and use them – both in deferment applications and in situations where repayments are due.

So, while Erudio may say it's not their process to do so, I don't think that means they've automatically still treated Miss R fairly by just sending letters.

But, I can't ignore why Miss R has said she didn't engage with those letters. She's explained due to her health she was unable to. I'm sorry to hear this, as I can't begin to imagine how difficult things have been for her.

I can't know exactly what would have happened if Erudio had emailed Miss R because they didn't. Miss R's testimony is she would have then responded. But, the evidence I have before me is she was really struggling to deal with day to day life as she wasn't opening any post. And because I can't know for sure what exactly Miss R would have done, I need to decide this based on what I think is more likely than not. Here, given what Miss R has said about her dealing with the letters, I'm not persuaded even if Erudio had emailed her that she would have responded.

I've also thought about Miss R's comments that the reason she didn't think she needed to engage with Erudio is because she understood a direct debit was in place to make the repayments towards the loan.

Erudio's position on this is the direct debit was cancelled by Miss R in 2019 – and they've provided internal screenshots of their system to show this. They've also said Miss R knew this, because she called them in June 2019 about the cancelled direct debit.

I've looked at the evidence from Erudio's system. This does say Miss R's bank cancelled the direct debit on or around 9 April 2019. I don't know if Miss R instructed her bank to do this or not, as I don't have that level of detail. If Miss R thinks she didn't, then she may wish to discuss this with her bank at the time.

But, looking at Erudio's reason for not taking the direct debit, I think this is fair. Their evidence shows it was cancelled – so they couldn't just start taking payments from Miss R without her permission.

In addition, Erudio have shown Miss R called on 20 and 27 June 2019. Erudio's notes of the first call includes '*...looking to defer as had to stop paying earlier this year due to illness...*' – and the second conversation is a continuation of deferring which was covered in the first.

I think it's reasonable for me to rely on these notes as being accurate, as they were recorded at the time. So, it seems Miss R at the very least knew in June 2019 the direct debit had been cancelled.

I have also noted Miss R's comments about Erudio telling her the direct debit was in place in November 2021. But, Erudio's notes don't support this. The information about the call in November 2021 shows she was only asking about deferment. And given the evidence from 2019 shows the direct debit had been cancelled, and there was nothing in the two years between that time to suggest it'd been reinstated, I can't see why Erudio would have told Miss R the direct debit was in place – when none of the evidence suggested that.

To be clear, I believe Miss R when she tells Erudio and our service she thought the direct debit was in place. But taking everything into account on this point, I've not found Erudio have done anything wrong that would have changed the current position Miss R is in with

her loans. Because of that, I won't be asking them to reinstate her loans on the original terms as she's asked.

The reason I've gone ahead with considering this point without Miss R's further medical evidence is because I can't see it'd make any difference. I say that because although our Investigator has fully explored Miss R's health situation at the time – which I do think was important – I think a key focus is about whether Erudio did anything wrong. Which, as I've said above, I can't find they did.

If, hypothetically, Miss R's new medical information showed she was now permanently unfit for work, this would be something Erudio had to be given first for review. Our service can only look into a complaint if it's first been raised to the business in question – and our review is typically limited to the issues raised to the business.

Should Erudio now do more because of Miss R's health

Miss R has asked Erudio to write off her accounts on the basis of her health – albeit she's said this is because Erudio suggested it.

Erudio have said unless Miss R has medical evidence which says she's permanently unfit for work now then they wouldn't be able to write off her accounts.

Because Miss R has mentioned it, and to ensure she's definitely been treated fairly, I've considered this point as well.

In our investigations Erudio have provided documents Miss R has given them regarding her health – and she too has given us documents about her health. Erudio have also referred to the terms and conditions of Miss R's student loans, one element of which says:

Cancellation

We will cancel your liability to repay the loan if you:

...

(c) if you show us that you get a disability related benefit and because of your disability are permanently unfit for work.

I don't think Erudio's starting position here of saying they'd only write off the loan if Miss R's medical information showed she was permanently unfit for work is unreasonable. So, I've looked carefully at what Miss R has provided to Erudio and our service.

As before, I've been brief about the specifics for Miss R's privacy. Some of the documents provided talk about Miss R hoping to get back to work in the near future. But, none of them say Miss R would be permanently unfit to work in the future.

Without that, I wouldn't expect Erudio to write Miss R's accounts off – so I don't think they've treated her unfairly on this point either.

Summary

I've not seen anything to demonstrate Erudio acted unfairly in terminating the accounts. Because of that, I can't reasonably require them to reinstate the accounts as Miss R has asked.

I've also considered Miss R's request for the accounts to be written off – even though it was Erudio who may have first suggested it – and found Erudio have acted fairly here too.

Miss R really does have my significant sympathies for the challenges she has faced and continues to do so. I know she'll be very disappointed in my outcome.

I will remind Erudio they're required to treat Miss R fairly and reasonably when discussing repayment of the outstanding amounts. And I'd expect Erudio to carefully consider any future changes in Miss R's circumstances – such as if her health position changes.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 30 December 2025.

Jon Pearce
Ombudsman