

complaint

Miss M is unhappy with the service she's received from Erudio Student Loans Limited (Erudio).

background

Miss M has a student loan with Erudio. On 1 September 2018, Erudio wrote to Miss M to updated her on the status of her account. It also said that Miss M owed £160.16 in arrears, and on her next monthly payment - 25 September 2018 - £144.55 would leave her account.

Miss M contacted Erudio to complain about the contents of the letter. She said:

- her account was in deferment, so a payment wasn't owed.
- her account wasn't in arrears.
- the letter arrived weeks after it was dated so there had been a delay in her receiving important information.
- This wasn't the first time Erudio had made mistakes and she wanted to be compensated for the time spent trying to resolve these issues.

Erudio confirmed Miss M's account was in deferment and accepted it hadn't made it clear what would happen if a consumer's account was already in deferment. It apologised for any confusion caused by not explaining this in its letter.

Erudio said the arrears had been incorrectly applied to Miss M's account as a result of an internal error, but that it had corrected this so her account was up to date.

It said that while the data required to generate Miss M's letter was pulled from its system on 1 September 2018, because of the volumes of customers affected, the letter wasn't sent until the week of 10 September 2018. Erudio added that it couldn't be responsible for any subsequent delays in the postal system.

Erudio apologised for any distress Miss M had experienced as a result of its actions, and it paid £50 compensation to reflect the inconvenience she experienced.

Miss M remained unhappy and so brought her complaint to this service. She said Erudio had taken too long to address her complaint, and was concerned it would negatively impact her credit file.

Our investigator considered Miss M's complaint and was satisfied Erudio had done enough to resolve things fairly. She explained although Erudio had incorrectly said Miss M was in arrears and that a payment was due, a payment wasn't taken and so Miss M hadn't suffered financial loss as a result.

While Miss M received the letter sometime after it was initially sent, the investigator didn't think Erudio was at fault for the time it had taken to arrive. And she thought £50 fairly reflected the inconvenience and worry Miss M had been caused. Erudio had also confirmed Miss M's credit file hadn't been negatively affected.

Miss M remained unhappy and so the complaint has been passed to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not upholding this complaint and I'll explain.

Understandably, Miss M would've been concerned to read she was in arrears upon receiving the letter from Erudio. I can see Erudio referred the matter to its relevant department on the same day Miss M complained, and the arrears were removed two weeks later. So I'm satisfied appropriate action was taken and within a reasonable timeframe to resolve things.

The letter refers to a payment being taken from Miss M on the same day she received it – 25 September 2018. And I can understand why from reading this, Miss M would have experienced some degree of worry. But I need to keep in mind that the circumstances Miss M was worried about – being able to make the payment at what she's told us was a difficult time for her - didn't actually arise because a payment wasn't taken. And while I acknowledge the letter didn't explicitly say what happens when a loan is in deferment, Miss M knew her account had been deferred at this time and that it'd been agreed she wouldn't be making payments. So I think this limits the impact Erudio's actions had on her.

It seems the delay in Miss M receiving the letter was in part due to Erudio not sending it at the time the letter was originally generated. Given it took until 25 September 2018 for Miss M to receive it, it seems there might have also been postal issues outside of Erudio's control which contributed to the time it took to be delivered.

Miss M is also unhappy with how long Erudio took to resolve her complaint. Businesses have eight weeks in which to provide a final response to a consumer's concerns. Although I appreciate Miss M wanted the matter resolved quickly, Erudio provided its final response by mid-November – which was within eight weeks – so I'm satisfied it met its obligation.

Erudio has said £50 compensation reflects the inconvenience Miss M was caused as a result of its letter not being clear, and it's apologised for any worry she was caused. I agree the letter could've been clearer, and I don't dispute that Miss M was caused avoidable worry. But I'm satisfied from what I've seen that Erudio has done enough to put things right and so I won't be asking to increase the compensation payment it's already paid.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 27 October 2019.

Nicola Beakhust
Ombudsman