

complaint

Miss C complains that Erudio Student Loans Limited mismanaged her student loan accounts. In particular she is concerned about the communications she received during her deferment period.

background

In summary Miss C says that Erudio;

- sent her contradicting letters about her deferment date.
- said she was in arrears when she was not.
- took payments from her account, whilst her loans were still in deferment.
- incorrectly said that her loans would be in default, if she did not have a direct debit arrangement set up.

Erudio has apologised for the above errors and agreed to provide Miss C with written confirmation that it had not been adversely reporting her accounts to the credit reference agencies and that her accounts were not in arrears.

Our adjudicator thought that Erudio's agreement to send the confirmation letter and apology to Miss C was a reasonable solution to the complaint. He did not recommend that Erudio do anything else.

Miss C remained unhappy, she did not think that this took into consideration the stress that she has been caused and she requested additional points to be confirmed by Erudio. The adjudicator asked Erudio to pay Miss C £100 compensation for the distress caused and to confirm the points that Miss C had requested. Erudio has not responded.

The complaint has been referred to me to make a final decision.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. And I partly uphold the complaint.

I hope Miss C does not take it as discourtesy that I have not addressed every point she has raised. My role is to focus on the issues which affect the outcome of her complaint.

There is no dispute that Miss C received poor customer services from Erudio and it has already acknowledged and provided apologies for its errors in letters dated June 2014 and July 2014.

Miss C has requested that Erudio provides a letter that;

- confirms that her student loans are not in arrears and have never been in arrears.
- confirms that it has not reported any arrears to the credit reference agencies.
- confirms that she is not in breach of the terms of her loans or in default for not having direct debit arrangements in place.
- apologises for the two payments taken from her account, whilst her loan accounts were in deferment.

In the circumstances, I think that it is fair for Erudio to provide a letter of confirmation addressing above points that Miss C has requested.

Miss C has also requested that Erudio confirms that it will not report any information about her loan to credit reference agencies. She is concerned that reporting her deferment as a payment holiday may adversely affect her ability to get a mortgage.

Whilst I appreciate Miss C's concern, I have looked at the relevant contractual documents and I think that Erudio is entitled to register information on her credit file about the deferral of her repayments. As she agreed to the terms and conditions when she took out the loans, I am unable to say that Erudio should not register her deferrals. So I do not uphold this part of her complaint.

Our service has talked to the credit reference agencies about reporting deferrals and it is not entirely clear that the recording deferrals as payment holiday will have a negative impact on credit scores. If Miss C wishes to find out more about this, she should speak directly to the credit reference agencies.

Miss C says that Erudio needs to be held accountable for its actions. However, our role is not to punish or fine the business for poor conduct. This is the role of the regulator, the Financial Conduct Authority (FCA). What this service can look at is whether Miss C has suffered any loss as a result of Erudio's actions.

Miss C has told us that Erudio's actions have caused her ill health, but I have not seen any evidence to confirm this, so I am unable to uphold this part of her complaint. However, I am satisfied that Erudio's errors have caused Miss C distress, in particular I think it would have been very stressful to have the two payments taken from her account during her deferment period. Because of this, I think that it is fair that Erudio pays Miss C £100 compensation to reflect the distress caused.

my final decision

My final decision is that I partly uphold the complaint and order Erudio Student Loans Limited to;

- pay Miss C £100 for distress and inconvenience caused.
- write a letter to Miss C to confirm:
 - 1) that her accounts are not and have never been in arrears.
 - 2) that it has not reported any arrears to the credit reference agencies.
 - 3) that she is not in breach of the terms of her loans or in default for not having direct debit arrangement set up on her accounts.
 - 4) apologise for the two payments taken from her account, whilst her loan accounts were in deferment.

Erudio Student Loans Limited must write the letter of confirmation to Miss C within 28 days of the date on which Miss C accepts my final decision. If it does not, then it must pay interest on the £100 compensation from the date of the final decision until the date of payment at the rate of 8% simple per year.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss C to accept or reject my decision before 8 June 2015.

Karen Dennis-Barry
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