

complaint

Ms M complains that Erudio Student Loans Limited didn't defer her loan even though she sent it the correct information.

background

Ms M's deferment was due by July 2015. But Erudio didn't accept her April 2015 application. Erudio says it's because it made a mistake scanning her income documents.

Erudio said sorry for its mistake, offered to pay Ms M £50 and refund a payment which it took from her account in error.

Our adjudicator could see that Ms M should have got deferment. She said Erudio should process it and refund the payment it took by mistake (plus interest). And pay her £200 compensation and remove any negative information it may have put on her credit file.

Erudio has broadly agreed to this. But it says it will only pay Ms M £100 as it already paid her £50. Ms M doesn't accept this. So the case has been passed to me for a final 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.

Erudio and Ms M agree with most of what the adjudicator said. But the main point of disagreement appears to be around compensation. So I will focus on that.

Erudio doesn't dispute that it made a mistake handling Ms M's application in April 2015. This clearly caused her distress, especially as it looks like she had some problems with deferment in the previous year.

From the income information I've seen I think Ms M was eligible for deferment. So things were made worse when Erudio took a payment from her in August 2015. And it seems that Erudio also chased her for payment when it shouldn't have. I can see why this would be stressful.

Erudio says it asked Ms M to provide the information again, but she didn't do so until recently. However, I don't think that is true. Ms M has shown us an email (with the information attached) which she sent to Erudio shortly after it replied to her complaint of September 2015. Because it seems like Ms M can get deferment I think she would want to give the information to Erudio quickly. I believe she probably did send this email in September 2015, but perhaps Erudio overlooked it.

Overall, this has been upsetting for Ms M. And it seems that Erudio made more than one mistake and delayed things. I don't think it's unfair that it pay Ms M £200 for the trouble it has caused her, despite the £50 it says it has already paid.

The other things that Erudio should do are agreed. But to be clear, Ms M shouldn't be in a worse position because Erudio didn't process her deferment on time. It now has the right information so it should use this to process the application. And rework her account as

necessary – removing any arrears or charges which might have been added while it should have been deferred.

Erudio should also ensure that her credit file hasn't been damaged by its mistake. And refund any payments it has taken from her during the time she didn't have to pay, including the August 2015 payment (plus interest).

my final decision

I uphold this complaint and direct Erudio Student Loans Limited to:

- process Ms M's deferment as it should have done when she first applied—reworking her account to remove any arrears and charges that shouldn't be there;
- refund Ms M any payments taken from her during the time she should have been in deferment – including the payment taken in August 2015;
- add 8% simple yearly interest to any refunds from the date the payment was taken to the date of settlement;
- pay Ms M £200 compensation; and
- remove any adverse information that may have been added to Ms M's credit file in connection with this delayed deferment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 23 March 2016.

Mark Lancod
ombudsman