

complaint

Miss M complains that Erudio Student Loans Limited has unfairly added arrears to her loan.

background

Miss M took a loan with Erudio's predecessor. She says she notified the predecessor company of her change of address and was told that she would be contacted by Erudio, but was not given any contact details for it.

Miss M was shortly going to be on maternity leave for a period of months and she says that, when she did not hear from the predecessor company with a payment deferral form, she assumed Erudio would be in touch shortly.

Just over a year later, Erudio contacted Miss M to tell her the loan account was in arrears and she should contact it. Miss M says the arrears were caused by Erudio not contacting her as promised, and says that it already had all her contact details such as her phone number. She considers that Erudio should cancel the arrears, in the circumstances.

Erudio adjusted the arrears to allow for the three months' deferral that was in place, and sent Miss M a cheque for £50 in recognition of mis-recorded information. But it was not willing to meet Miss M's complaint and so things were not settled.

Miss M brought her complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator was satisfied that Miss M had been in touch with Erudio's predecessor to tell it her new address. The adjudicator could not see that Erudio had established contact with Miss M when her deferment date was approaching, or to tell her when her repayments became due or give her statements.

Overall, the adjudicator did not consider that Erudio had done enough. The adjudicator recommended that Erudio should refund the arrears on the account that had accrued from May 2014, as a fair settlement of the complaint.

Erudio did not agree with the adjudicator and said, in summary:

- There is no record of Miss M contacting the predecessor company. So it is probable that she did not.
- Erudio sent a welcome pack to Miss M at her previous address, being the address it had on file. Miss M called it on 4 March 2014, but hung up after hearing the recorded message explaining that it was in a transition period and would be unable to answer any questions until later that month.
- Erudio tried to contact Miss M in April 2014, but could not get through. It should, perhaps, have tried again but ultimately the onus was on Miss M to make sure it had the right contact details.
- Miss M should have realised her payments were not deferred and that she had not heard anything.

my findings

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

Looking at the overall evidence here, I consider it more likely that not that Miss M did contact the predecessor company to update her address. I note that the point at which Miss M says she made contact coincides with the point at which loans like Miss M's were transferred to Erudio.

Miss M's account strikes me as credible, and I accept that she was told by the predecessor company that (because of the migration to Erudio) it could not make any changes to the system but that she would be contacted by Erudio in due course using the other contact information that remained unchanged.

I am satisfied that Miss M has not tried to evade her responsibilities under the loan, and that she believed she would be contacted so that she could update her deferral when that became necessary – and when she had details for the new company that the loan had been transferred to.

I'm not persuaded that Erudio made any meaningful attempt to contact Miss M to tell her how she could apply for the follow-on referral, and what would happen on her account if she did not. One phone call, with no follow up call or text, does not seem reasonable – given the steps that were to be taken on the account, and the effect that would have on Miss M.

In all the circumstances, I agree with the adjudicator and find that the fair outcome here is for Erudio to refund the arrears that accrued from May 2014. I also find that Erudio should remove any adverse credit reference information it may have registered against Miss M's name in respect of those arrears.

my final decision

My final decision is that I uphold this complaint and direct Erudio Student Loans Limited to:

- refund the arrears that accrued on the account from May 2014; and
- remove any adverse credit reference information registered about those arrears.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 January 2016.

Jane Hingston
ombudsman