

complaint

Mrs A complains that Erudio Student Loans Limited has treated her unfairly. She considers:

- It was wrong to refuse her application to defer her loan repayments.
- It made a mistake when it did not follow her instructions about setting up her direct debt.
- And it has provided poor customer service.

our initial conclusions

Our adjudicator did not recommend that the complaint should be upheld.

Erudio accepted this recommendation. Mrs A did not. She asked that an ombudsman review her complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there is a dispute about what happened, I have based my decision on the balance of probabilities - in other words, on what I consider is most likely to have happened in the light of the evidence.

it seems Erudio has followed the correct process in considering her repayment deferral application

It's clear that Mrs A is very frustrated with the service that she has received from Erudio and with its actions. She appears to be a very hardworking person who is doing all she can to make life better for herself and her family. She says she is being penalised by Erudio because of her family status and because she has chosen to work.

There is no disagreement that in certain circumstances borrowers who took out the type of loan that Mrs A has are entitled to defer their loan repayments. But the right to defer is not absolute borrowers can only defer provided certain conditions are met. Mrs A is adamant she has met these conditions. Erudio is equally firm in saying she has not.

Mrs A says Erudio has miscalculated her income. It is not this services' role to perform calculations such as are required in this case. However, we can insist that the businesses which fall within our jurisdiction demonstrate that their calculations are correct. So we asked Erudio to tell us what income it had taken into account and on what basis.

It sent us the relevant guidance. Looking at this it appears it has followed the approach it is meant to follow in assessing her income. I can well understand though why Mrs A is so upset. Especially about the part of her income that is earmarked for the maintenance of her dependants. Naturally it seems she considers this is not "her" money as such – to spend as she chooses - but money solely for them. But unfair as this may seem to Mrs A, the information I have seen suggests Erudio is entitled to bring this money into its assessment of her income.

For all of these reasons it follows I have no proper basis to uphold this part of her complaint.

the business has offered Mrs A other fair alternative means of paying it

Very reasonably Mrs A says that any repayments she does make should only come out of her account when she has money in it. So she says the repayment dates should line up with when she gets paid. Otherwise she says she'll not have enough money in her account to pay.

Mrs A says because of this she asked Erudio to set up a direct debit for a certain date each month. It said it could not do this. But it says it did suggest alternative payment methods. In the circumstances it's not clear to me that Mrs A could not reasonably use one of the alternative payment methods Erudio suggested. So I cannot fairly uphold this part of her complaint.

Mrs A has not received appropriate customer service and she should receive an award for this

Mrs A says when she spoke to Erudio one of its operatives spoke to her like she was a "3 year old". Erudio has not said this was not so. Further, it clearly accepts that it has given her contradictory information in two letters regarding her monthly payment. It says as a result it "failed to deliver the level of customer service [Mrs A] should expect from [it]".

I consider in the circumstances that Mrs A is likely to have experienced distress and inconvenience. I consider that £150 is a fair award for this.

But I cannot fairly say it was wrong to add arrears to her account whilst the complaint was being considered by us. Erudio does not have to stop its recovery activities just because we are considering the complaint.

Mrs A says she has asked Erudio for a new deferment form. I would expect it to send this to her without delay. I would also expect it to take account of Mrs A's communication needs which we have told it about.

Mrs A tells us it is likely her income is going to be reduced due to circumstances outside her control. Erudio says should this happen it will reassess her request to defer repayments should she send it new information using its normal payment deferral request process.

my final decision

My final decision is that Erudio Student Loans Limited should pay Mrs A £150 for distress and inconvenience.

Erudio Student Loans Limited must pay the £150 within 28 days of the date on which Mrs A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of the final decision until the date of payment at the rate of 8% per year simple. If it considers it is legally required to deduct income tax from that interest, it must send a tax deduction certificate with the payment so that Mrs A can reclaim the tax if she is able to. Under the rules of the Financial Ombudsman Service, I am required to ask Mrs A to accept or reject my decision before 18 March 2015.

Joyce Gordon
ombudsman