

complaint

Mr P has complained that Erudio Student Loans Limited did not manage his application to defer his student loan, and then didn't deal with his complaint properly.

background

Mr P took out student loans in the 1990s. Erudio took over management of his account and sent him a notice confirming this in early 2014. Unfortunately this was sent to an old address. Mr P asked them to provide him with copies of his agreements to see whether they had authority to ask him to repay his loans.

He was also sent an application form to defer his loan. He complained that Erudio had no authority to manage his loans and he was concerned that the terms and conditions had completely changed and he was required to provide them additional information.

Erudio provided a couple of responses to Mr P. They accepted in their later response that they had sent information about them taking over his loans to the wrong address. Erudio explained that they were able to report information on Mr P's loans to credit reference agencies. Erudio felt they were entitled to ask Mr P to complete a form if he wanted to defer his loan. They sent Mr P copies of his agreements which he did not feel were suitably legible. Mr P brought his complaint to the ombudsman service.

Our adjudicator told Mr P that he agreed that Erudio had not managed his complaint well. He'd got Erudio to agree that they'd pay Mr P £200 for his inconvenience and would backdate his deferral. This would be from 30 June 2014 when they received his application.

However he did not agree that Erudio being unable to give Mr P clearer copies of his agreements meant that they were unenforceable.

Mr P rejected this outcome as he still felt that Erudio was changing the terms and conditions of his agreements. He asked an ombudsman to consider his 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.

I believe that Mr P accepts our adjudicator's view that we consider his loans to be enforceable. I'm also aware that Mr P now has clearer copies of his agreements. Although I don't think he's asking me to consider this now, it's worth confirming that I agree with our adjudicator's view on this aspect.

I don't think there's any doubt that Erudio didn't manage their correspondence and Mr P's application to defer his loans well.

Firstly Erudio didn't provide Mr P with information about them taking over management of student loans. This was obviously an error as they hadn't updated one database with his new address.

The other aspects of his complaint about Erudio's management of his account include:

- providing him with confusing and contradictory information in their correspondence;
- not giving him copies of his original loan agreements;
- telling him they were going to advise credit reference agencies of his loans;
- requesting additional information when he applied to defer his loan.

It's fair to say that Erudio has changed some of its administrative processes since it first took over Mr P's loans. These have been based on their experience of managing student loans. For example the direct debit mandate is now optional and they have changed the amount of information required from someone applying to defer their loan. So I believe this process should now be easier for him. I'm sure that they will provide him with updated documentation so he can now complete that. I know he's been concerned about not getting any paperwork which means he can apply to defer for 2015/16.

Mr P is also concerned that Erudio will have placed information on his credit record over the last year which shows that he's not paying his loans. I don't believe they have as they have confirmed this fact to us. And in any case I think it's fair that they process and accept his application to defer so this becomes effective for 2014/15. This means that they'd need to ensure that no adverse data is recorded.

I have reviewed the clauses of Mr P's loan agreements. I don't believe that there is anything there that would have stopped his original loan company from providing default information about these loans to credit reference agencies. It's just that they chose not to.

I know Mr P raised a number of concerns in his letter to us of 18 February. I hope he feels that the changes Erudio has put in place deal with his concerns and he can now sort out the deferral. I see no reason why Mr P should not be willing to sign and return the relevant form. If Mr P needs to sign a form, Erudio should ensure that he gets the updated version to complete.

Overall I appreciate the problems Mr P had with Erudio. I can see the information he was being sent didn't provide a clear pattern. I appreciate that the muddle in submitting his deferral application to Erudio inconvenienced him. Like our adjudicator I think £200 is fair compensation for what he's had to put up with.

my final decision

For the reasons stated above, my final decision is to uphold Mr P's complaint. I instruct Erudio Student Loans Limited to:

- consider Mr P's application to defer his loans which they received on 30 June 2014;
- ensure that no adverse data is recorded on Mr P's credit file due to the delay;
- pay Mr P £200 for the inconvenience caused by the handling of his complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P to accept or reject my decision before 29 June 2015.

Sandra Quinn
ombudsman