

complaint

Ms B has complained about how Erudio Student Loans Limited dealt with her deferral application and her complaint. She's upset about feeling harassed by them.

background

Ms B applied to have her student loans deferred. She provided evidence to show she wasn't earning enough to pay her loans. She refused, however, to complete the forms supplied by Erudio. She felt they had no basis to ask additional information based on the relationship she'd built up with the company who'd previously managed her loans. She also told them of her health issues.

Erudio wouldn't accept her application to defer. They then took steps to get Ms B to pay the arrears that had built up as no deferral was in place. Throughout 2015 Ms B was getting letters regularly about her arrears. She provided medical evidence to Erudio. Erudio confirmed this was enough to suggest she should be given a three-year deferral. They asked her to sign and return the application form.

Ms B completed and returned the form. However she was unhappy Erudio suggested the delays in her deferral were her fault. She'd also been receiving regular phone calls from Erudio about her arrears and felt intimidated into signing and getting things sorted. What she really wanted was the previous company who'd managed her loans to take these back. She was also upset she'd not got a final response from Erudio in the required timescale.

The final response from Erudio, dated January 2016, apologised to Ms B. They accepted they'd not properly explained why a new form was necessary. Nor what additional information they required to consider her application to defer. They also apologised about calling her as it was clear this was not suitable. Most importantly they confirmed they'd now accepted her application and her deferral would last until November 2018. Arrears had built up before Ms B's deferral was in place. Erudio confirmed they were writing off this £537.48. They also offered her £250 for the errors they'd made.

As she remained unhappy with how Erudio were treating her, she brought her complaint to the ombudsman service. Our investigator felt what Erudio had offered to do was fair overall. She asked them to write to Ms B to confirm formally how long her deferment was in place for. She also confirmed Erudio were under no obligation to write off Ms B's loans. Ms B wanted Erudio to do this because of her health issues. She provided additional evidence from her health professionals which we shared with Erudio.

Erudio confirmed they weren't willing to write off the loan. They did, however, confirm as Ms B would be 50 years old in 2017 she would be able to get the loans written off then (as long as there were no arrears). They thought this may be the best solution for Ms B.

Our investigator felt there was nothing else we could do to help. Ms B was still very anxious about how this had affected her. It was agreed an ombudsman should review her complaint.

my findings

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

There is really no dispute that Erudio have been in the wrong. They accepted this themselves when they wrote to Ms B in January 2016. She doesn't think what they've offered her is enough compensation to recognise the impact this has had.

To help me come to a decision I've looked at Ms B's medical evidence – which Erudio also has – as well as her detailed timeline of what happened with her interaction with Erudio.

The first thing to note is Ms B was particularly upset by the phone calls she was getting from Erudio about her arrears. By this stage I can see Erudio knew about her health issues and had initially made a note not to call her. This note was accidentally removed. Unfortunately this meant Ms B got calls from them. And along with the letters – including annual statements and request for arrear payments – this caused her great concern. Particularly as she felt she should have been granted a deferral. I have considered whether the £250 Erudio offered her for their errors was enough. I don't think it is when I consider the impact this had on Ms B. I've taken into account Ms B's own health. From letters by health professionals I can see this situation only aggravated her condition. I've told Erudio I think £400 is a fairer amount in the circumstances.

Erudio won't consider Ms B's request to have her loans written off. They believe the medical evidence is slightly contradictory as it doesn't confirm Ms B is unlikely to be able to return to any work at all, just to her previous profession. I think there is a case to ask Erudio to write-off Ms B's loans based on her medical issues. But I can see Erudio has confirmed when Ms B reaches 50 this July, her loans will automatically be written off. They told us in December 2016:

“When she turns 50 next year the loan is due to be written off due to the age related cancellation rights in the T&Cs [terms and conditions], as long as no arrears accrue on the account, this is highly unlikely due to the deferment in place.

“The age related cancellation is an automatic process and would happen on the customers 50th birthday.”

I'm satisfied Ms B's loans are currently in deferral so I believe this is the best approach. Our investigator confirmed this to Ms B. Because of what's happened over the last 18 months, I can see Ms B has difficulty trusting what Erudio is telling her. But I can assure her I see no immediate reasons why this won't happen in five months' time.

I did ask Erudio to write to Ms B formally to confirm this. They've said they will do. In any case I thought I'd refer to this in this final decision in the hope Ms B will find this confirmation reassuring.

I know our investigator explained why Ms B's loans will be staying with Erudio. They're the body now responsible for managing her student loans and we have no power to tell Erudio to pass them back. I can understand Ms B's concerns but her loans, along with many others, were properly passed over to Erudio for them to manage.

I hope this puts some of Ms B's concerns to rest and she feels able to concentrate on her health rather than her loans.

my final decision

For the reasons I've given, my final decision is to instruct Erudio Student Loans Limited to do the following to put things right:

- To confirm to Ms B the automatic process for writing off her loans when she reaches 50 years old; and
- To pay Ms B £400 for the trouble caused to her when trying to collect the arrears.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 March 2017.

Sandra Quinn
ombudsman