

## **complaint**

Mr M complains about Erudio Student Loans Limited's administration of his four student loan accounts.

## **background**

Mr M complained that Erudio didn't send him loan statements for his 'mortgage style' student loans taken in 1995, 1996, 1997 and 1998. And as he couldn't work out the current loan balances this meant he couldn't apply for 'deferment'; that is, to delay payment of the loans.

Also, Mr M was concerned about a number of other issues. These concerned deferment whilst opting out of the 'Fair Processing Notice', information reported to the credit reference agencies, discrepancies with the balances outstanding on the loan accounts, and Erudio's own confirmation of a balance reduction due to its non-compliance with relevant legislation.

In October 2015 I issued a provisional decision setting out the arguments and saying how I thought the complaint should fairly be resolved. I attach my provisional decision which forms part of this final decision. I proposed a settlement that I thought was fair and reasonable in all the circumstances. I suggested that:

- Erudio should not apply interest to the total balance transferred to it on 22 November 2013 (£9,496.63) for the period from 22 November 2013 to 31 August 2014. This would deal with the period when Erudio said it would suppress interest and would give certainty to both parties.
- Erudio should immediately send Mr M a deferral application form so he could apply for a further deferral.
- Erudio should deal with the deferral application promptly. It must not apply any additional arrears sums or additional interest to the total balance since the last deferral ended. It must remove any information it had registered with the credit reference agencies, and not report any more information for four months from 14 October 2014. This would give Mr M time to apply for the deferral and Erudio time to deal with the application. If there was any delay in dealing with the new deferral application, Mr M would be entitled to raise this as a new complaint with Erudio and this service if necessary.
- Erudio should pay Mr M, in total, £500 to reflect the time, trouble and inconvenience this overall matter has caused him (to include the £300 it had already offered).

## **responses to my provisional decision**

Erudio didn't respond to my provisional decision, but it did send the new deferral application form with 'how to guide' to Mr M.

Mr M made very detailed further submissions. In summary, he said:

- He sent me his detailed analysis of the statements that our adjudicator sent him after my provisional decision was issued. This included background to the Student Loans Company Limited's ('SLC') 2005 accounting error. The error had been removed from

the SLC's July 2014 statement of account. He'd understood we could look at matters from 2006 onwards.

- The SLC had issued 'arrears notices' (or 'debt collection letters' as I referred to them in my provisional decision) that are non-compliant with the law, as admitted by the government at the time, and giving the government an expensive problem to solve.
- The solution was to bring in what Mr M refers to as '*legal*' '*loan-sharking company*' to collect the loans. The deferral form means consumers have to accept incorrect balances.
- The new deferral form has the same problems as the previous one, but more disguised. The whole business is a fraud, and could come under criminal law.
- The satellite statements 1 and 3 are identical, and as I'd pointed out can't be printed. Satellites 2 and 4 are virtually identical, and don't give full breakdowns. The documents achieve nothing, and he noted I'd been careful not to draw a link between the satellites and my assertion about the four individual account balances. He is grateful for the evidence, which he might use in any court proceedings.
- Satellites 2 and 4 begin on 31 August 2005 when £5,744.65 is transferred to satellite 2 account. The interest rate correction of 29 September 2005 is airbrushed out. When combined with the starting transferred balance of satellite 4 of £1,459.35 this gives the grand total of £7,204 – the total of his 2006 annual account statement after the £0.50 interest adjustment. The account didn't start from 1995 when his first loan was taken, and he says the SLC didn't properly correct the interest calculation error.
- Satellite 2 doesn't say it's the combined balance of 1995, 1996 and 1997 account, but it must be. Also Satellite 4 doesn't say it's the 1998 account, but the balance is too small to be for the other accounts. So Satellites 1 and 3 are distractions to indicate the balances are individually calculated.
- The interest calculations for the 1998 account are welcome, and the figures show the 1998 account was kept separate.
- The composite statement (which I also refer to as the 'global' statement) covers old ground. The adjustments are visible in the SLC's July 2014 statement. It doesn't explain why the adjustments are being made.
- He does now understand the multiple inputs of numbers on the same date on an earlier Erudio partial account statement. It's the combined interest for the 1995, 1996 and 1997 accounts represented by one input and the separate interest for the 1998 account that's represented by the other.
- In summary the government has no intention of honouring the terms and conditions of the loans, and has found a debt collecting business to do its work for it.

*analysis of the deferral application form 2 'DAF 2' (including Mr M's amendment to this analysis sent after the original analysis)*

Mr M has made detailed objections to Erudio's DAF 2 and the attached 'how to guide'. He then sent an amendment to that analysis which I've also considered.

In summary Mr M's objections to Erudio's DAF2 are:

- The earnings income and personal information pages are separated from the signature and date. This isn't acceptable, and hasn't changed from the previous form.
- The certificate and warranty is not compliant with his existing contract. It is effectively a new contract. When signed and returned it is a contractual change, masquerading as a guide.
- He objects to authorising a third party (from whom his income is derived) to give Erudio information it reasonably requests. He can't opt out.
- The blanket nature of the way information will be used by Erudio and others is problematic. All that should be agreed is that he is applying to defer the loan. Anything more is inconsistent with the terms and conditions of his contract and wider consumer law.
- The explicit threat of not being in deferment is set out in the guide – unless and until he makes repayments or a deferment is agreed, Erudio may register that repayment has not been made. This is grossly unfair under consumer legislation.
- He has a contractual right to opt out of deferral. The 'voluntary' agreement will either push him into arrears or negatively impact him by forcing him to sign new terms and conditions. He will not sign this new agreement.
- Erudio has made the wording of the DAF2 unclear, and a consumer will sign a completely new loan agreement. Disputes over the veracity of loan balances will cease, as Erudio's wording means it can report the 1998 balance even if the loan isn't in arrears or in default.
- He can't see any other solution but to hear this case before the court.
- This is an unfair relationship. He can't compromise, and will reject the DAF2. He will then become non-compliant and labelled a criminal.

His objections to the 'how to guide' attached to the DAF2 are:

- He will not give Erudio his banking details (for a direct debit payment).
- He has no income. He will not disclose his partner's information. His partner will not give any 'third party support' letter to Erudio. If it attempts to involve her directly or indirectly she will make a complaint to the police.

- He objects to the threat of having to give his employer's details (even though this isn't relevant at the moment). This is unfair for consumers.
- There is nothing in his loans' terms and conditions that require him to give evidence of his means of financial support. He's only required to give evidence of his income. So Erudio should remove reference to 'financial support' from its DAF2. And it should remove the requirement to give Erudio this information before he is able to defer his repayments. It is a tool to harass consumers.
- There is no option for those who live with a partner but don't receive income.
- The certificate and warranty statement is a threat. There is no way to opt out. The form and guide change the terms and conditions.
- Erudio has no right to insist on deferral. The form doesn't reflect the product he was sold or the terms and conditions he accepted in writing between 1995 and 1998.

Mr M has sent me his detailed response to my provisional decision, which he rejected. In summary he said:

*Point 1 of my provisional conclusions:*

He had no objection, in principle, to my proposed settlement that Erudio shouldn't apply interest to the balance transferred to it on 22 November 2012 of £9,496.63 for the period from 22 November 2013 to 31 August 2014. But this was condition on these points being reflected in my final decision:

- Erudio had said he'd received 'correspondence' that 'may not have been fully compliant' with consumer credit legislation. It didn't specify if this was a current issue during its stewardship or a historic issue with SLC. He understands Erudio is legally liable for both periods.
- The '*debt collection letters*' and the '*statements*' that I refer to are one and the same thing.
- If there is still uncertainty about interest calculations it is sensible that Erudio should return to the point when it bought the loan and remove all the subsequent interest.
- But he won't agree to this solution unless it is offered with regard to earlier documentation issued by the SLC – the '*debt collection letters*' that I refer to as having been issued by the SLC. These letters are the '*correspondence*' referred to by Erudio and were issued between 2005 and 2014 and were subject to a parliamentary apology as they weren't compliant with consumer law. This is too big an issue to leave outstanding.
- Otherwise he'll be forced to accept an incorrect balance, and Erudio can say he's happy with it. He refers to his analysis of the statements, and says we need to deal with this issue now.
- He wants the issue of the forged signature on the 1997 contract and the forged SLC letter to be set aside from my final decision as he anticipates these arguments will be heard in court.

- The issues of the SLC's 'debt collection letters' which he understands is the 'correspondence' referred to by Erudio relate to matters that have already occurred and have been dealt with publically.
- He finds it deeply worrying that I'm not satisfied Erudio's statements are correct. He questions whether we must report this to the FCA or the police. He's minded to make a complaint about the government's sale of the loan accounts.

*point 2 of my provisional conclusions*

Erudio has now sent the deferral application form to Mr M. He's given his analysis of this document. The new deferral application form (DAF 2) is also unacceptable to him as the first one. He mustn't be required to sign a new 'agreement' – it's merely a deferral form. The form also needs to tie all of the applicant's statements regarding personal information, income, earnings etc to his signed and dated permission to decrease the risk of fraudulent behaviour on Erudio's behalf. These points need to be written into the final decision.

*point 3 of my provisional conclusions*

The requirement that Erudio should not report to the credit reference agencies for four months from the date of my provisional decision should be removed, and replaced with a blanket ban. If not, Erudio could block his request for a deferral by making unreasonable demands while being able to report the loans as in default or in arrears as a means of pressurising him. This is not a fair outcome for him as a consumer.

*point 4 of my provisional conclusions*

Having to start again with a complaint about any delay in the deferral procedure is a non-starter. Why should he accept this? If he accepts a decision Erudio could start adding interest and potentially charges while he waited for its response to the complaint and this service to take time to investigate. It is unfair to him, as it seems clear that Erudio will fail to deal. He requires a clause to be written into any final decision to say that if Erudio doesn't comply the existing complaint will become active again. This is the only basis on which he is prepared to engage with this service.

*point 5 of my provisional conclusions*

He requires me to stipulate that the compensation payment must be made, by cheque, in advance of the deferral process. Otherwise Erudio may use this to get his bank details. He says I've avoided referring to the 'satellites', and just referred to 'statements'.

*other outstanding points*

- Mr M said my assertion that at the time Erudio bought the loans the total balance was £9,496.63 isn't supported by the evidence I've sent him.
- I can refer to his analysis of the statements. Sourcing a definitive final/start account balance is the principle issue in his complaint. The statement must show the journey of the separate accounts. Given that I'm not satisfied the statements are correct, he's wants further evidence to substantial Erudio's interest calculations.

- The numbers don't appear on the SLC's statement of account of July 2014 or on his individual annual account statements. Only one combined interest calculation is shown for all of the four loan accounts. It shows a separate balance for the 1998 account but not separate interest payments. He should have this information if he's to publicly accept the figures.
- I've wilfully misread his complaint if I think he's complaining he's paid more interest because the loan accounts have been lumped together. His comments are to provide depth and not to raise a historic complaint against the SLC.
- He's raised wider concerns about the effectiveness of consumer law, and I shouldn't try to create a smokescreen by misrepresenting his arguments and dismiss his concerns as a historic anomaly.
- Allowing Erudio to restructure his loans into four separate accounts might mean duplicated fees, charges, arrears notices, court action. This is the license we are granting Erudio.
- He shouldn't have to compromise over the deferral of his loans which is a contractual right.
- He thinks I need to provide evidence that the adjustments made by the SLC are a genuine consequence of non-compliance with consumer credit legislation and not, as he understands, the product of accounting errors. Erudio's global statement isn't enlightening.
- He thinks the 2009/2010 adjustment may have been an attempt by SLC to fix problems by a 2005 interest rate miscalculation. The non-compliance was just one of the issues. The adjustments of 2009/10 add credits and visibly cut into the balance which a straight forward removal of interest wouldn't do.
- I mentioned the *'two faked letters – amended by Erudio but from its predecessor company'* in the background section but didn't deal with them in the provisional conclusions. It is in fact one faked SLC letter and one fake of one of Erudio's letters. I have copies so shouldn't make factual errors.
- The SLC letter isn't a debt collection/arrears letter and was in the 'notice of assignment' pack sent to him by Erudio – as so part of the complaint I commit to deal with.
- The descriptive language of the provisional decision doesn't identify the fake and original letters for this identification to be legally useful to him in the future.
- The name of the convicted fraudster forged on his 1997 contract is the name – not the signature - and I should state the name, and the fact that it's been given a backdated 1997 date and used to execute a contract not properly executed in 1997 at the time of the loan. He's not asking me to offer an opinion but just to make clear the details of what is being set aside.

### *conclusions*

- He doesn't think he can achieve a settlement via this service although he's not withdrawing his complaint. It probably needs to be decided in court.
- He thinks we operate in a manner akin to the sanctions adjudicators in the state benefits sector. He's engaged with the service. The adjudicator was right to require a breakdown of all four accounts. I've dogmatically asserted a contrary opinion. He'll give all opinions and decisions to the court, and my assertion regarding the four account balances won't stand public scrutiny.

### **my findings**

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

I can see Mr M feels very strongly about the issues raised by his complaint. I've looked at all the evidence to assess what I consider to be a fair and reasonable settlement in the individual circumstances of his complaint. I've considered the points he thinks should be included in my final decision. But it is for me to say what I think Erudio should do to resolve the complaint.

Although I've read all Mr M's submissions I don't intend to respond in a similar level of detail. Rather, I set out here what I consider to be the central issues, and a fair and reasonable outcome:

### *this complaint about Erudio*

Erudio became covered by this service on 31 July 2013. So in this complaint about Erudio I can only consider its acts and omissions since 31 July 2013.

It's open to Mr M to complain to the SLC separately about its handling of his loans before they were transferred to Erudio. This service can look at some complaints about the SLC. Our adjudicator can give him further information about this if he'd like him to, but I understand Mr M's point was more about giving us the historical context for his complaint.

### *the 'satellite' statement, 'global' statement and 'composite' statements*

I did indeed refer to the statement Erudio sent to us for the period to February 2014 as both the 'composite' statement and the 'global' statement. I'm sorry for the confusion.

The individual loan balances were set out in Erudio's 'notice of assignment' letter of 17 March 2014, which gave Mr M the balances of his loan as at 1 January 2014 (not 22 November 2013 as I said in my earlier decision). The balances were, in total, £9,496.63 at 1 January 2014. I require Erudio to suspend interest from 22 November 2013.

I think it's fair for there now to be a three month period before Erudio can report any information or add any interest or arrears charges – so it shouldn't report or apply any interest or charges until 10 March 2016. I've dealt with this in more detail below.

*Mr M's concerns about the deferral application form (DAF2) and 'how to guide'*

I understand Mr M has serious concerns about the DAF2 form and the 'how to guide'. He doesn't intend to sign the form, which he says changes the terms and conditions of his loan. That is, of course, his own decision to make. But I think Erudio is entitled to ask Mr M to sign the deferral form before agreeing to the deferral.

The Education (Student Loans) Regulations 1998 defines 'gross income' as:

*'income from all sources before deduction for or relief from tax or other statutory charge, but not including any disability related benefits, and less any disability related costs'*

I appreciate Mr M says Erudio can't ask for evidence of 'his means of financial support'. The legislation includes income from all sources, as set out above. So I think Erudio can ask Mr M about his income, and of course it's for Mr M (and his partner) to decide whether he wants to give that information.

Only a court can decide if the requirement for him to sign the DAF2 form amounts to an 'unfair relationship'.

*Mr M's responses to the five points of my provisional conclusions*

I'm only looking at the period Erudio was responsible for Mr M's loan accounts. I'm not looking at the SLC's handling of his loans.

*point 1*

Erudio set out in its letter to Mr M of September 2014 that it had discovered an issue with some of the correspondence that had been sent to him. It said this may not have been fully compliant with the Consumer Credit Act 1974 (as amended) and certain regulations which came into effect in 2008. I don't think I need to find out the exact details in order to decide this complaint, given Erudio accepted there had been an error. But I do think it's fair that Erudio doesn't apply interest, for a period of time, and I'll explain this here.

I've considered what Mr M has said about interest. I think he makes a fair point. Given Erudio's overall handling of this matter, including the difficulties getting a clear statement, I think it would be fair and reasonable for Erudio not to apply any interest or arrears charges to Mr M's loan accounts for the period from 22 November 2013 to 10 March 2016 (a date three months from the date of this decision). That gives Mr M time to decide if he's willing to apply for a deferral.

I've not dealt with Mr M's complaints about the 'forged signature' and the 'forged SLC' letter in this decision. I'm not going to include any more information about these issues in this published decision.

In response to Mr M's point, this service has a memorandum of understanding with the Financial Conduct Authority, which is published on our website. This describes how we cooperate and communicate with the FCA. It's open to Mr M to decide if he wants to take the other action he's described.



*point 2*

I've acknowledged Mr M's concerns about the DAF2. But I think Erudio is entitled to ask him to sign it for the deferral.

*point 3*

I understand what Mr M says about reporting to credit reference agencies, but I don't think it would be fair to apply a blanket ban on Erudio reporting to them. I've set out what I consider is a fair, reasonable and pragmatic settlement to this dispute.

*point 4*

It seems unlikely now that there will be a delay in the deferral process, as Mr M doesn't intend to apply for deferral using the DAF2. I can see he's unhappy he might have to raise a new complaint about any delay in the deferral process. But he will need to raise this as a new complaint. When I issue my final decision our complaint process ends, so we won't reopen this complaint if there is a delay in the deferral process in the future.

*point 5*

I can't see any problem in the compensation payment (if Mr M accepts my decision) being made by cheque.

Mr M has said he's likely to reject my decision so that the issues he's raised can be heard in court. He's entitled to do this. If he rejects my decision it won't be binding on either himself or Erudio.

*other outstanding issues*

I think the combined balance of 1 January 2014 of £9,496.63 is a fair starting point. Erudio has broken down these figures in its 17 March 2014 letter. The total figure of £9,496.63 gives both sides certainty and I think it's pragmatic and reasonable to use this figure. I understand Mr M doesn't agree.

I've certainly not intended to misread Mr M's complaint. Mr M has raised wider points but it's my role to suggest a fair outcome to this individual complaint.

I'm sorry if I didn't deal with the points about two 'faked' letters – amended by Erudio but from its predecessor company. But I don't think this issue makes a difference to the overall outcome I've suggested here.

My decision is to resolve this individual complaint, rather than give Mr M a document that might be legally useful for him. And because this decision will be published I don't intend to include any more detail.

### **my final decision**

My decision is that I uphold this complaint. I require Erudio Student Loans Limited to do the following:

- Erudio must not apply any interest or arrears charges to the total balance transferred to it on 22 November 2013 for the period from 22 November 2013 to 10 March 2016. The total starting balance should be £9,496.63, less any interest applied from 22 November 2013 to 31 December 2013. This will deal with the period when Erudio said it would suppress interest and gives certainty to both parties.
- Erudio should deal with the deferral application promptly (if Mr M decides to return the deferral application form). Erudio must not apply any additional arrears sums or interest to the total balance until 11 March 2016 at the earliest. It must remove any information it has registered with the credit reference agencies, and not report any more information until 11 March 2016 at the earliest. This will give Mr M time to apply for the deferral and Erudio time to deal with the application. If there is any delay in dealing with the new deferral application, Mr M shall be entitled to raise this as a new complaint with Erudio and this service if necessary.
- Erudio should pay Mr M, in total, £500 by cheque to reflect the time, trouble and inconvenience this overall matter has caused him (to include the £300 it has already offered).

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

Amanda Maycock  
**ombudsman**

copy of provisional decision

### **complaint**

Mr M complains about Erudio Student Loans Limited's administration of his four student loan accounts.

### **background**

Mr M complained that Erudio didn't send him loan statements for his 'mortgage style' student loans taken in 1995, 1996, 1997 and 1998. And as he couldn't work out the current loan balances this meant he couldn't apply for 'deferment'; that is, to delay payment of the loans.

Our adjudicator upheld the complaint. Upon acceptance of the new deferment application, the adjudicator recommended that Erudio should begin the new deferment period three months before the acceptance date. He said it should also ensure the 'deferment gap' did not result in arrears or adverse information being recorded.

Also, our adjudicator said Erudio should ensure information about the 1998 loan wasn't disclosed to credit reference agencies unless the agreement was broken. Finally, it should pay Mr M £100 for distress and inconvenience.

Erudio agreed to this, but Mr M raised further points. These concerned deferment whilst opting out of the 'Fair Processing Notice', information reported to the credit reference agencies, discrepancies with the balances outstanding on the loan accounts, and Erudio's own confirmation of a balance reduction due to its non-compliance with relevant legislation.

The adjudicator had some difficulty getting an answer from Erudio. He also recommended that Erudio:

- pay Mr M a further £200 for the distress and inconvenience he has experienced.
- give Mr M a breakdown of each of the four loans to show how the outstanding balance has been calculated.
- confirm if it had reduced the balance of Mr M's loans. If so, it should show this. If not, it should explain why not.
- and, if Erudio agreed with the above, it would be reasonable for Mr M to submit his application for deferment once Erudio had given him this information and it was correct. At this time, if the re-designed deferment application form was approved it would be appropriate to allow Mr M to apply with the re-designed form. Otherwise, the adjudicator said crossing out of the specific wording (about reporting to credit reference agencies) should be enough.

Erudio didn't respond to this, but Mr M did. He welcomed the adjudicator's findings but didn't think they went far enough. He said these points were nearing agreement, subject to the following:

- he would like us to make clear the terms of the account suspension after May 2014, so Erudio couldn't later try to add on charges for this period or add back in the suspended interest.
- he wanted a definitive statement of the correct loan balances in line with information he's given us from Erudio's predecessor company.
- Erudio should calculate each loan individually, using the interest rates he's given us. It may have done this for the 1998 loan. But if it can't give the individual loan calculations, it shouldn't in future be able to refer to the 1995, 1996 or 1997 loan balances by way of loan totals.

- As Erudio must give Mr M a breakdown of the four loans before he must apply for deferment, it follows it shouldn't be able to ask for his bank details until after it's sent him the information and it is correct.

Mr M didn't agree with the adjudicator on these points:

- The fair processing notice ('FPN') in Erudio's March 2014 notice of assignment pack is clear – it asks for permission to vary the 1998 contract. Mr M chose not to return it.
- But the FPN included with the deferment application form ('DAF') is intended to alter the terms of the 1998 contract without making this clear – in direct contravention of the relevant legislation. So if Erudio hasn't redesigned this form, and had it approved, it isn't appropriate for Mr M to sign it – whether or not he defaces it by crossing out a section of the wording.
- From the perspective of fairness and logic, he shouldn't be required to sign a form which is being redesigned imminently. He can't be sure there aren't other implications in signing it. And he's concerned this service should require him to sign such a flawed document as part of the settlement.

And Mr M said the adjudicator didn't address these points at all:

- misleading debt collection letters sent by Erudio's predecessor – and a statement in the House of Commons about it. He believes he's being subjected to similar if not worse practices.
- a forged signature of a convicted fraudster on his 1997 contract. The adjudicator had told him this wasn't relevant to his first deliberation on this complaint. He is concerned that in accepting any settlement through this service, Erudio will deem that he's accepted the position forged signature (which he doesn't). And he has a similar concern over two faked letters – amended by Erudio but from its predecessor company. He suggested a number of possible solutions to this, such as excluding these issues from the settlement so he can pursue them elsewhere if he wishes. Or adjourning so he can refer them to the Financial Conduct Authority (FCA).

### **my provisional findings**

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

#### *the debt collection letters and 1997 contract*

I'm not going to deal with Mr M's concerns about the debt collection letters sent by Erudio's predecessor and the signature on the 1997 contract. In this complaint I'm only considering what's happened since Erudio bought Mr M's student loans. So he is able to pursue these issues elsewhere if he wants to do this, whether or not he accepts my decision.

#### *the deferral application form (DAF)*

Erudio did offer a workaround so Mr M could sign its original DAF, by striking out some wording he didn't agree with. But I can see why Mr M wanted to sign the new form, and not an amended version of the old one.

Mr M has told us he's still not got the new DAF. So Erudio should send him the new one without further delay – and in any event within one month (at the latest) of the date of this decision.

*credit reference agency reporting*

Mr M is concerned about information being reported to the credit reference agencies. We've looked at the original credit agreements.

- For the 1995, 1996 and 1997 loans the terms and conditions allow Erudio to record information with the credit reference agencies. This information should be correct, as with any information reported to these agencies. We understand Erudio will report any period of deferral as a 'payment holiday'. The credit reference agencies have told us that if this is recorded as a 'u' in the credit file, this will have no overall impact on the consumer's credit rating.
- For the 1998 loan, the terms and conditions only allow Erudio to report loans that have fallen into arrears or defaulted.

Mr M's point was that the original fair processing notice attached to deferment application forms meant Erudio could report loans whether they were in arrears or not.

So for the 1998 loan Mr M didn't have to agree to information about it being reported to the credit reference agencies – unless the loan was in arrears or had defaulted. I understand the new deferral application form now reflects this. And it is this form that Erudio must now send to Mr M.

*the statements*

I can see why Mr M wants a breakdown of each individual loan, to show the interest that's been applied. He says he's paid more interest because the 1995, 1996 and 1997 loans have been lumped together by Erudio's predecessor. I'm not going to deal with what's happened when the Student Loans Company held the loan accounts. But I will look at what's happened since Erudio bought the loans in November 2013.

At the time Erudio bought the loans the balances were:

£2,293.42 - 1995 loan account ending 153  
£2,642.28 - 1996 loan account ending 013  
£2,637.19 - 1997 loan account ending 009  
£1,923.74 - 1998 loan account ending 052

£9,496.63 – total

By March 2014 the total balance was £9,546.59. I've received a composite statement to February 2014 (3 months before the deferral period ended) showing the interest being applied to the total balance. I've asked our adjudicator to send a copy to Mr M.

I've also received from Erudio statements showing interest being applied to the two main elements of the account: the 1995, 1996 and 1997 balance combined and the 1998 balance. I've not been able to print clear versions so I will ask the adjudicator to email them to Mr M.

The 'global' statement does show the interest adjustments applied by Erudio's predecessor because the statements didn't comply with various provisions of consumer credit legislation.

But in September 2014 Erudio also said its statements weren't compliant with consumer credit legislation. So it said that for the period 1 September 2013 to 31 August 2014 it had suppressed interest and fees. It said the interest would be recalculated and wouldn't be backdated.

But I can't see that there have been any interest credits in this period. The statements I've received only show interest being added to the loan accounts in the period since Erudio has owned the loans.

There isn't any adjustment to freeze the balance. And although the global statement shows interest as a 'credit' rather than 'debit', the balance continues to increase.

It has taken Erudio some considerable time to put together the statements and I'm still not satisfied they are correct. If they were then the interest would not be applied for the period of time stated in Erudio's September 2014 letter. It has been applied.

Mr M has expressed a concern that Erudio's more recent arrears statements are incorrect and again are non-compliant. This most recent issue is a new one and Erudio hasn't had a chance to respond. That means I can't fairly decide it in this decision. But I'm going to propose a settlement that I hope is pragmatic and allows both Mr M and Erudio to move forward:

*proposed settlement*

I propose that in this individual case, a fair and reasonable outcome is that:

- Erudio should not apply interest to the total balance transferred to it on 22 November 2013 (£9,496.63) for the period from 22 November 2013 to 31 August 2014. This will deal with the period when Erudio said it would suppress interest and gives certainty to both parties.
- Erudio should send Mr M a deferral application form so he can apply for a further deferral. It should do that immediately, and in any event no later than one month from the date of this decision. He can then apply for the deferral.
- Erudio should deal with the deferral application promptly. It must not apply any additional arrears sums or additional interest to the total balance since the last deferral ended. It must remove any information it has registered with the credit reference agencies, and not report any more information for four months from the date of this decision. This will give Mr M time to apply for the deferral and Erudio time to deal with the application. If there is any delay in dealing with the new deferral application, Mr M shall be entitled to raise this as a new complaint with Erudio and this service if necessary.
- Erudio should pay Mr M, in total, £500 to reflect the time, trouble and inconvenience this overall matter has caused him (to include the £300 it has already offered).

**my provisional decision**

My decision is that I uphold this complaint. I propose that this complaint should be resolved as set out above. I invite Mr M and Erudio Student Loans Limited to let me have any further comments they wish to make by 16 November 2015.

Amanda Maycock  
**ombudsman**