

complaint

Mr M complains that Erudio Student Loans Limited has mishandled his request to defer his loan repayments.

our initial conclusions

Our adjudicator did not consider that Erudio had made a mistake in assessing Mr M's gross monthly salary. On this basis she did not uphold this part of his complaint.

But she did think it had not provided the level of customer service that it should have done because it had not handled his direct debit request properly. And it had sent mail to the wrong address. She said it should pay Mr M £100 for the distress and inconvenience this may have caused him to experience.

Erudio accepted this recommendation. Mr M did not. He asked that an ombudsman review 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.

the application to defer repayments

Mr M says that Erudio has incorrectly assessed his gross monthly salary. He says it should not consider the salary sacrifice he has made as part of its calculations.

Further he says it has not used the same assessment method as the previous lender. And it has also not followed the definition used by HM Revenue & Customs. As a result he says it has wrongly rejected his application to defer his payments. Because he says he is not earning enough so his repayments should be deferred.

I've looked into these points one by one.

Erudio tells us that the relevant definition is in The Education (Student Loans) Regulations 1998 ("the regulations") schedule 2 part 1. The regulations say;

"gross income" means 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;"

Erudio also says that it assesses gross income in the same way as the original lender did. But it's not been able to demonstrate this despite initially telling us it had confirmation of this point directly from the original lender.

I do not consider that HMRC's definition should be the definition that guides me here as that definition is not specifically intended to relate to the type of loan Mr M has. Rather I think it's the regulations that are relevant. And looking at the definition in the regulations it does not seem that Erudio has done anything wrong.

the customer service provided by Erudio

Erudio accepts that it did not provide the level of customer service that it should have done.

It made a mistake with Mr M's direct debit and with his address. It seems to have put both things right within a reasonable amount of time. But given it did initially get these very straightforward matters wrong we've asked it to pay Mr M £100 for distress and inconvenience. It agrees to do this.

I see Mr M also originally complained that Erudio had not provided clear information about his future repayments. But it seems it provided this information at a later date.

That said Erudio really should have provided clear easily understandable information in the first place. And I consider that it should also pay Mr M £50 also for distress and inconvenience because it appears it failed to do so on this occasion.

my final decision

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

Erudio must pay the total compensation within 28 days of the date on which Mr M 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 HM Revenue & Customs requires Erudio to take off tax from this interest. Erudio must give Mr M a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 27 July 2015.

Joyce Gordon
ombudsman