

## **complaint**

Mr H complains that Erudio Student Loans Limited ("Erudio") have refused to defer his student loans and have cancelled them, demanding payment in full. He wants the loans reactivated and deferred and he's also unhappy that there are arrears on his account – he says there weren't any.

## **background**

Mr H has three student loans that are administered by Erudio. He was disappointed to be told by them that his account had been terminated and they would be seeking full settlement of his student loans.

He complained to Erudio but they didn't respond in time so he referred his complaint to this service.

Erudio noted that his address details hadn't been updated correctly and that this meant Mr H hadn't received correspondence from them. Their systems wouldn't allow them to reinstate the account but they confirmed that they would treat it as if it were live. They said:

- no further interest would be applied to his account
- they wouldn't record the defaults with the credit reference agencies as they shouldn't have been applied
- they would honour all rights (for example, age related cancellation and deferment) that would have been available to Mr H prior to termination
- he would continue to receive statements and correspondence as normal
- they would pay him £200 to compensate him for the distress and inconvenience he'd experienced
- they would defer his account by a further year. The deferment approved now runs until March 2020

Mr H said he was broadly satisfied with their response but he was still disappointed that they wouldn't reinstate his account and he also disputed the arrears on it. He said he couldn't remember there being any.

Our adjudicator explained that we couldn't insist Erudio re-instate the account if systems prevented them from doing so and she noted that the arrears on Mr H's account had been calculated correctly. So she didn't think Erudio needed to take any more action than it already had.

But Mr H disagreed and he asked for a final decision by an ombudsman.

## **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 think Erudio have now taken sufficient action to rectify the problems Mr H has unfortunately experienced. Please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the actions taken by Erudio so far and agree with them. I won't comment any further on the issues surrounding the termination of the account as I can see that's now been investigated and resolved.

There are two outstanding issues. Mr H is disappointed that Erudio haven't reinstated his account as he believes they should be able to and he's also still concerned about the arrears on his account.

#### *account reinstatement*

I can understand that Mr H is concerned about future rights and about how future contact with Erudio will work out if his account isn't live. But Erudio have explained that their systems simply don't enable them to reinstate a terminated account and I think it would be unreasonable for me to suggest otherwise. I have no knowledge of their system.

The alternative arrangement they've suggested sounds sensible and they've confirmed that all of the rights Mr H would've had if his account was "live" will still be applicable. I can't see that Mr H is disadvantaged by this arrangement; it seems a sensible and fair solution, so I'm not asking Erudio to take any further action.

#### *the arrears*

Erudio have confirmed that interest charged to Mr H's account since April 2017 has now been removed as it shouldn't have been charged.

The arrears that remain originate from more historic transactions. I've seen that when new deferment periods were confirmed, in 2014 and in 2015, arrears for the previous three months were "*rolled back*" and payments due in those months therefore don't form part of the current arrears. But payments were due in January 2014 and also in February 2015 so the arrears appear to have been calculated correctly.

I won't therefore be asking Erudio to take any more action than they already have. I can see that they've agreed to pay Mr H £200 in recognition of the obvious distress and inconvenience this matter has caused him and that they've provided an additional year of deferment - I think that's reasonable in the circumstances.

### **my final decision**

For the reasons I've given above I uphold this complaint and tell Erudio Student Loans Limited, if they haven't already done so, to:

- continue to manage Mr H's account as if "live"
- remove any adverse credit reports they may have made to the credit reference agencies in relation to this account
- honour all rights (for example, age related cancellation and deferment) that would have been available to Mr H through his account prior to termination
- continue to provide statements and correspondence as would be the case if the account were "live"
- pay Mr H £200 to compensate him for the distress and inconvenience he's experienced
- defer the account until 14 March 2020

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 July 2019.

Phil McMahon  
**ombudsman**