

## **complaint**

Mr A has complained that Erudio Student Loans Limited didn't give him any option to agree to them taking over his loan and have changed the terms of his original agreement.

## **background**

Mr A took out student loans in the 1990s. Erudio took over management of his account and sent him a notice confirming this in early 2014. 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 changed.

Erudio explained that the terms and conditions had not changed. The previous company managing Mr A's loans could have reported the status of his accounts to credit reference agencies but had opted not to. Erudio felt they were entitled to ask Mr A to complete a form if he wanted to defer his loan. Mr A was unhappy with Erudio's response and brought his complaint to the ombudsman service.

Our adjudicator told Mr A that we could not uphold his complaint as Erudio had not done anything wrong. She felt that they were allowed to take over his loan without asking his permission. She also didn't think the notice they'd given him to be unreasonable.

She was aware that Mr A had asked for copies of his loan agreements from Erudio but these had still not been sent to him. She felt that their service fell below what we'd expect. She arranged for copies of the agreements to be sent to Mr A.

She also felt that Erudio could not ask Mr A to complete a direct debit mandate as part of this application process.

Mr A was unhappy with this response and remained concerned that he had no guarantees that Erudio would meet the terms of his loans. He asked his complaint to be referred to an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr A was very clear when he contacted us what his complaint was about. I think it's fair to say that the main part of this was about the sale of his loans to Erudio in the first place. He felt that he should have been allowed to opt out. And also Erudio took four months between the announcement that they'd be taking his loans over to letting him know about this personally. I can see why he feels aggrieved. Unfortunately I don't think that Erudio has done anything wrong. Mr A's complaint should really be directed elsewhere. It was the government that changed the arrangements for who was administering his loans. It's worth saying that the terms of his loan allow them to be sold on and administered by a different company.

And Erudio contacted individuals with a student loan as soon as they started this work. This wasn't until March 2014. I don't agree with Mr A that they could have told him anything earlier.

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

- not responding to his correspondence or answering his questions;
- not giving him copies of his original loan agreements;
- telling him they were going to advise credit reference agencies of his loans;
- requiring him to sign a direct debit mandate.

Mr A lives and banks overseas and he has pointed out to Erudio that signing a direct debit mandate wouldn't be effective anyway.

It's fair to say that Erudio has changed some of its administrative processes since it first took over Mr A'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 have reviewed the clauses of Mr A's four loan agreements and I don't believe that there is anything there that would have stopped his original loan company from providing information about these loans to credit reference agencies. It's just that they chose not to. Over the last few years it has become accepted that credit records should hold as full a picture of someone's financial commitments as possible – and that includes that someone has commitments and is meeting them in full, as well as where they are not.

Mr A did bring our attention to the fact that Erudio were referring to the Data Protection Act 1998 when they were writing to him about his loans. He was obviously aware that his loans, taken out in 1991, 1992 and 1993, pre-date this legislation. I can understand why this may have caused him to raise his eyebrows. I know this has added to his feeling that Erudio hasn't managed taking over his loans well. But overall I can't see this has caused him any loss.

Mr A is concerned that when he gets to 50 and is able to cancel his loan, he might be denied this. I have seen nothing that indicates this is the case. And in fact Erudio were explicit in their letter of 27 June 2014 that Mr A would continue to be able to cancel his agreements.

I do differ slightly in one area to our adjudicator. Erudio consistently did not provide Mr A with copies of his loan agreements. And when they did, they were barely legible. Like her I feel that the service Erudio has given to him falls below what we'd expect. She didn't award any compensation for this. However I have told Erudio that I think providing Mr A with £100 is fair compensation for his inconvenience. I've also asked them to give him clearer copies of his agreements.

I also apologise to Mr A for the delays from our service in getting his case to an ombudsman. Unfortunately we didn't organise this as he requested and I'm sorry about that.

### **my final decision**

For the reasons stated above, my final decision is to partially uphold Mr A's complaint. I instruct Erudio Student Loans Limited to pay him £100 for his inconvenience.

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

Sandra Quinn  
**ombudsman**