

complaint

Ms D has complained about the way that Erudio Student Loans Limited has managed her student loan account.

background

Mrs D's student loan account was passed from a third party to Erudio. Since Erudio took over the account, she feels it has mishandled it, and treated her unfairly. Our adjudicator looked at her concerns, and made a number of recommendations, including that Erudio pay Ms D £300 compensation. However, as a number of issues have not been resolved the complaint has been passed to me for my final decision.

my findings

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

I am unable to consider every aspect of Ms D's complaint, as many relate to Erudio's general business practices and how it operates in the marketplace. As this service is not the industry regulator, I can only look at concerns Ms D has about Erudio's conduct in relation to her specifically. With this in mind, Ms D has confirmed to me that she would like me to consider the following issues, which relate specifically to her and which she considers to be outstanding.

- a) Ms D is unhappy that she has sometimes received no correspondence at all, or has not received it in large print.
- b) Ms D is concerned about how Erudio reports to credit reference agencies.
- c) Erudio quoted the Education (Student Loans) Regulations 1997, instead of 1998.
- d) Ms D feels she is being discriminated against as a single parent, because Erudio asks her to declare maintenance payments as part of her income.
- e) Erudio should be asking her for her income over three month periods, not over a whole year.

I agree that these form the key parts of the complaint, so I shall address each below.

Ms D has explained that she has sometimes not received correspondence from Erudio that she should have done – for example, she received no statements last year, so didn't know what her interest rate was. Erudio has explained that the documentation was sent, and I'm unsure as to why Ms D did not receive it. However, as it has now been resent, I am not persuaded that Ms D suffered any detriment because of this.

That said, I am satisfied that Ms D was not sent documentation in large font. She had requested this for medical reasons, and it was (and is) a perfectly reasonable request. It is disappointing that Erudio did not process this request appropriately. Our adjudicator recommended that it pay her £300 compensation in recognition of the distress and inconvenience caused. I agree that this is appropriate.

I appreciate that Ms D is concerned that on occasion, Erudio referred to regulations that were out-of-date. Although I can understand why this would have worried her, I am not persuaded it caused her any detriment, so do not consider compensation for this to be appropriate.

I turn now to Ms D's concerns that she is being discriminated against because she is a single parent. This is because she feels it unfair that she is being asked to declare income she receives that forms maintenance for her children. The definition of gross income for the purposes of assessing deferral is in The Education (Student Loans) Regulations 1998, at schedule 2 part 1. This states that "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. This means that Erudio is entitled to take maintenance payments into account. Therefore, I am satisfied that it is reasonable for it to do so.

Ms D has explained that she has been asked for evidence of her income over a yearly period, when she should only be asked for every three months, for the purposes of assessing a deferral request. Erudio has explained that it only asked for evidence of yearly income when a person is paid weekly. As it believes Ms D is paid monthly, it feels it would only have asked her for evidence of her income over three months.

This is in line with the 1998 Regulations which state at section 9:

"Each year the lender will tell the borrower the new deferment level for the period between 1st September and the following 31st August. The borrower can defer making repayments of the loan if -

(a) the lender has not already asked him to repay the loan in full, and

(b) he can show-

- (i) that his gross income for the relevant month is not more than the deferment level, and*
- (ii) if the lender asks, that his gross average monthly income during the 3 months immediately following the relevant month will not or is unlikely to be more than the deferment level."*

As Ms D's loan repayments have currently been deferred for three years on medical grounds, even if Erudio had mistakenly requested evidence over a year, I do not see that it caused Ms D any detriment.

my final decision

For the reasons given above, it is my final decision to uphold this complaint in part. I require Erudio Student Loans Limited to pay Ms D £300 compensation for the distress and inconvenience caused because of the issues regarding the large print (if it has not done so already). I make no further award.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms D to accept or reject my decision before 10 August 2015

Elspeth Wood
ombudsman