

complaint

Mr L believes the arrears on his loan account with Erudio Student Loans Limited are incorrect. He's also unhappy that Erudio has been chasing him for payment.

background

Mr L had a student loan administered by Erudio. The terms and conditions of this loan allowed repayments to be deferred dependent on income but each deferment lasted 12 months and had to be renewed annually.

Erudio said the Student Loan Company (SLC) received a new deferment application form (DAF) from Mr L in April 2016. But SLC wanted more information about Mr L's income so it wrote to him asking for evidence of how he was supporting himself.

Mr L replied in August 2016 and the SLC confirmed what information was acceptable, including that any bank statements had to be the most recent. But the statements sent in from Mr L were for December 15 and January 2016. SLC said they weren't acceptable. It also asked Mr L to complete a new DAF.

In October 2016 and March 2017 Erudio contacted Mr L about his arrears and to ask him to send in a new DAF. He wasn't willing to do so initially but in March 2017 he sent in a new DAF with all the necessary documents in support. A further deferment was granted the following month. It was backdated to 15 January 2017 and ran for twelve months.

However the previous deferment had ended in April 2016 so the repayments between then and January 2017 hadn't been deferred and Mr L was now liable to pay them.

Mr L doesn't agree and said he'd returned the necessary information. And he's unhappy at the way Erudio dealt with this, in particular the number of times it contacted him, which he says made him feel "harassed". He also complains that Erudio closed his first two complaints without investigation.

But Erudio said, as Mr L's loan provider, it was required to contact him about the arrears and the state of his account. It said it was required to provide him with formal notification of his arrears and didn't agree the number of calls had been excessive.

It said Mr L had delayed in sending in the necessary information from April to August 2016 and again from August 2016 to January 2017 and on that basis, it didn't agree it was responsible for the delay in processing his DAF. It was satisfied the deferment application had been handled correctly and the arrears balance was correct so it didn't agree to reduce them.

But it accepted it had closed his first two complaints prematurely for which it apologised and offered £50 compensation.

Our adjudicator agreed with Erudio that Mr L had delayed in providing the necessary information so he didn't agree the arrears weren't due. Or that the amount stated was incorrect. With regard to Erudio's communication with Mr L, he seen the contact notes and didn't agree this had been unreasonable.

However Erudio hadn't dealt properly with Mr L's first two complaints. As a result, it had taken longer than it should to confirm the position over Mr L's arrears. He felt the £50 offered by Erudio wasn't sufficient to reflect the distress and inconvenience caused and he recommended Erudio pay Mr L a further £50 for this making £100 in total.

Erudio agreed to the additional £50. Mr L accepted the additional compensation but remained unhappy that his arrears remained the same. He asked for his complaint to be referred to 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. Having done so I've decided to uphold Mr L's complaint in part and to direct Erudio to pay him a further £50 in compensation.

Under the terms and conditions of his student loan account Mr L can ask for his repayments to be deferred if his income falls below the threshold set but each deferment lasts for twelve months only and then must be renewed.

Mr L has raised a separate complaint about the way he was asked to provide information to allow a new DAF to be assessed so in this decision I am looking only at the way Erudio dealt with its part of this process.

In this case Mr L was asked to complete a new DAF in April 2016. But he didn't reply until August and when he did, he didn't provide all the necessary information. And despite further reminders in September and December it wasn't until March 2017 that he returned the DAF and supporting information that SLC required. Although the deferment was then agreed and backdated to January 2017, it can't be backdated for more than three months so the period between April 2016 and January 2017 wasn't included.

I can see Mr L feels this is unfair and that if he's entitled to have his repayments deferred this should include those between April 2016 and January 2017. However under the scheme's terms and conditions, where the repayments haven't been formally deferred, the applicant is responsible for paying them. So I can't say Erudio is wrong to say there are arrears due or that the amount claimed is incorrect.

I appreciate Mr L was unhappy with Erudio's approach during this time. He says he felt "harassed". But as the loan provider Erudio had an obligation to manage and monitor Mr L's account and to notify him of any arrears. Looking at the contact between Erudio and Mr L I don't think it was excessive.

But its clear Erudio failed to deal properly with Mr L's complaints. As a result he was left waiting for an answer to his query for an additional three months than might otherwise have been the case. For that reason I'd agree with the adjudicator that the compensation should be increased to reflect this. The adjudicator has recommended an additional £50 and I consider that's fair in the circumstances.

my final decision

My final decision is that I uphold Mr L's complaint in part and I direct Erudio Student Loans Limited to pay Mr L an additional £50 making a total award of £100, for his trouble and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 September 2018.

Cerys Jones
ombudsman