

## **complaint**

Mr C complains that Erudio Student Loans Limited harassed him for the repayment of a loan even though he had explained that he was not liable for the payment. He wants compensation for the inconvenience and stress he has been caused.

## **background**

Mr C entered into a loan with a finance provider in 1990. Erudio took over the administration of the loan in March 2014.

Mr C says that he has contacted Erudio on several occasions to explain that he was not required to make payment. He says his contact was ignored and instead he was chased for payment. He says this has been ongoing for years and has caused him inconvenience and stress.

Mr C says that Erudio has now accepted that he is not required to repay the loan but he wants compensation for all the trouble and upset he has been caused.

Erudio says that Mr C emailed it on 26 November 2014 raising several requests. It says that as the email address was unverified it responded asking Mr C to complete security questions. Although Mr C responded he did not complete the security questions. Erudio says it then did not have contact from Mr C until 26 September 2015 when the same issue with the email occurred. This issue continued until March 2018 when a complaint was raised.

Erudio did not accept that it had ignored Mr C's correspondence but did accept that he wasn't provided with the service he should have been on a call in March 2018. It also apologised for Mr C's name being mis-spelt in a letter in the same month. Erudio arranged for a cheque for £75 to be sent to Mr C for the distress and inconvenience the issues had caused.

Erudio says that although Mr C says his loan had expired due to being granted more than 25 years ago, this was not correct. It says Mr C's loan did not qualify to be written off as there were arrears on his account. It says it then reviewed Mr C's account and found it met the criteria for being statute barred. Because of this it says it explained to Mr C it would not contact him further about this account.

Our adjudicator thought that Erudio could have done more to deal with Mr C's correspondence. She thought Mr C had suffered unnecessary trouble and upset and recommended Erudio increase its compensation offer from £75 to £250.

Erudio did not agree to our adjudicator's recommendation. It said that Mr C contacted it about the debt being written off due to its age but Mr C's account did not meet the requirements for this. It says that when it carried out an investigation into Mr C's complaint it looked at the issue of the debt being statute barred. It says that Mr C had not raised this issue previously and so it did not agree that Mr C's account should have been closed sooner. It further reiterated that had Mr C confirmed security in his emails this issue could have been resolved sooner.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr C entered into a loan in 1990. The terms and conditions of the loan meant that payments could be deferred if Mr C was not earning a certain amount. There was also a cancellation clause in regard to how long the loan has been outstanding.

There was an issue that Mr C used an email address that Erudio did not hold and so it needed to verify his details. I do not find this unreasonable. Mr C did not answer the security questions and had he done so this issue may have been resolved sooner. However I note that in the email chain started in October 2015 Mr C makes it clear he does not consider himself liable for the debt and asks for his concerns to be passed to a manager. I appreciate Erudio would not reply to the email address but it would have been reasonable to try another means of contacting Mr C to establish that the email was from him and to address his concerns.

Erudio were corresponding with Mr C by letter at the time but I cannot see that it wrote to him about the issues he had raised. Erudio has provided some calls on which it was unable to get hold of Mr C. The calls I have heard were from before October 2016 or in 2018. Therefore I cannot see it tried to contact Mr C by letter or telephone at this time to discuss the points Mr C had raised about not being liable for the debt.

Instead of addressing Mr C's concerns about his payment liability Erudio kept chasing for payment. Mr C had made it clear in his emails that he did not believe that payment was due and by not addressing this, Erudio then spent many months pursuing Mr C for payment.

Based on the information I have seen Mr C's issues were not dealt with as a complaint until March 2018. This was many months after he had asked for his concerns to be passed to a manager. At this time his account was investigated and Erudio believed it met the criteria for being statute barred. I cannot comment on whether an account should be statute barred but I do think that had Erudio investigated Mr C's account when he first raised his concerns then this issue could have been resolved much sooner.

I note the comment that Mr C raised the issue of the loan expiring rather than being statute barred. I also accept that Mr C did not help by not responding to the security questions. However, overall I think that Erudio did not provide the service it should have. By not dealing with Mr C's comments about his liability and instead chasing him for repayment, Erudio caused Mr C unnecessary trouble and upset. I note compensation was paid for a call and a mistake in a letter but I think that further compensation should be repaid to reflect the time taken to address whether Mr C was liable to make payment.

Because of the above I agree with our adjudicator's recommendation that the total compensation should be increased to £250.

**my final decision**

My final decision is that Erudio Student Loans Limited should pay Mr C a total of £250 compensation (£175 additional to the cheque it has already issued for £75) for the trouble and upset Mr C has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 March 2019.

Jane Archer  
**ombudsman**