

complaint

Mrs W complains about the way Erudio Student Loans Limited handled her student loan account.

background

Mrs W says that when Erudio first contacted her, she was dubious as she did not know it had taken her loan over. She asked it to provide her with a copy of her credit agreement in May 2014. She is unhappy that despite numerous requests she did not get a copy of the agreement until January 2015. Mrs W also complains that Erudio will not accept deferment application, unless it completes its deferment application form (DAF).

Our adjudicator looked at the complaint and recommended it should be partly upheld. He thought that Erudio's delay in providing a copy of the credit agreement was unreasonable. He said that it should pay Mrs W a total of £100 compensation to reflect the distress caused.

Erudio accepted the adjudicator's recommendation, Mrs W did not. The complaint has been passed to me for a final decision.

my findings

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

if Mrs W wants to defer her loan repayments she must complete the DAF

Mrs W is unhappy that Erudio will not process her deferment application without her completing its DAF. She feels that the DAF is asking for unnecessary information, which the previous owner did not ask for.

However, I do not think that Erudio has to follow the business policy of the previous owner. I think it is entitled to ask for information about all sources of income to help it assess whether repayments can be deferred or not. Our service has looked at Erudio's DAF and we do not think that it is doing anything wrong, by asking borrowers to complete it. It follows that I don't uphold this part of the complaint.

Erudio should have explained that it had taken over Mrs W's account from the outset

I can see from Erudio's records that a notice of assignment was sent to Mrs W in March 2014 confirming it owned the loan. However, Mrs W says she did not get this notice and I think it is clear from her continual requests for a copy of her credit agreement, that Mrs W was unaware that Erudio owned her debt.

I can understand Mrs W's frustration that Erudio continued to pursue her for payment despite her numerous requests for it to prove that it owned the debt. But that said her deferral period had ended, so the debt became due. However, I think that Erudio made matters worse by not explaining to Mrs W until December 2014 that it had taken over her debt and delaying sending her another copy of the notice of assignment and a copy of her credit agreement. So I uphold this part of her complaint.

putting things right

I think that if Erudio had addressed Mrs W's concern when she raised it in May 2014, it's likely that she would have completed the DAF. So I think it's fair that if she now completes the DAF and if her application is accepted, she should be put back into the position she would have been if Erudio had addressed her concern from the outset.

To resolve the complaint Erudio should backdate Mrs W's arrears to the end of her previous deferment period, if she submits a completed DAF and she meets the deferment criteria. It should also remove any information it may have registered on her credit file about the arrears since her previous deferment period ended in May 2014.

I think that Mrs W should also do her part to get things moving quickly, so if she accepts my final decision she should send her completed DAF to Erudio within 28 days of her acceptance.

I agree with the adjudicator that Erudio should pay Mrs W a total of £100 (including the £50 offered) compensation to reflect the distress caused.

my final decision

My final decision is that Erudio Student Loans Limited should- provided it receives a correctly completed DAF from Mrs W within 28 days of her acceptance of my final decision and she meets the deferral criteria:

- act as if Mrs W's new deferral period started immediately after the previous one ended in May 2014 and amend its records to reflect this.
- remove any adverse information it may have recorded on Mrs W's credit file between the period when the previous deferral period ended and the new one began. In particular it should remove any missed or late payment information or arrears information it registered during this period.
- pay Mrs W a total of £100 (that is £50, if the previous offer of £50 has been paid) compensation for the distress caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 24 September 2015.

Karen Dennis-Barry
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