

complaint

Mrs A has complained that Erudio Student Loans Limited has not managed her account properly.

background

Mrs A took out student loans in the 1990s. Erudio took over management of her account and sent her a notice confirming this in early 2014. She was also sent an application form to defer her loan. She complained that Erudio had no authority to manage her loans and she was concerned that the terms and conditions had completely changed.

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

Our adjudicator told Mrs A that we could not uphold her complaint as Erudio had not done anything wrong. She felt that they were allowed to request information from Mrs A that would help them assess whether her loan should be deferred or not. She did not think it was fair that Erudio should simply defer Mrs A's loans or that they could not ask Mrs A to complete a direct debit mandate as part of this application process.

She mentioned that Erudio had placed Mrs A's account on hold as a goodwill gesture but she did not think, overall, that they were obliged to do this.

Mrs A was unhappy with this response and remained concerned that Erudio were placing different requirements upon her when she wanted to defer her loan and felt that we had not fully understood her complaint. In January 2015 Mrs A applied to defer her loan and Erudio rolled back her arrears to October 2014. Mrs A remains concerned about her arrears and, because of the time it has taken to resolve her complaint, the impact on them.

my findings

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

Mrs A completed a detailed response to the service when she disagreed with the outcome proposed by our adjudicator. I hope she does not think I am being dismissive if I do not respond to each aspect of her response. My role is to make a final decision based on all of the evidence before me and in doing so I have looked at the complaint as a whole. It's fair to say that I can appreciate her frustration that this has not been resolved much quicker.

On this aspect I have asked Erudio whether they would be willing to backdate her arrears further. And they have agreed to do this as a gesture of goodwill. I can confirm that her arrears will be backdated for a further three months to July 2014, when she first brought her complaint to this service.

It's fair to say that Erudio has changed some of its administrative processes since it first took over Mrs A's loans. These have been based on their experience of managing customers'

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.

I can understand Mrs A's frustration and appreciate she feels that she has suffered whilst Erudio have been getting things in order. Actually I do not agree. Erudio has confirmed to her that they set her APR to 0% for a period because certain communications did not meet the requirements of the Consumer Credit Act. And as stated above, they have changed some of their processes.

Mrs A has confirmed that she accepts that Erudio can take over management of her loans and I believe her concern was the way this happened rather than the fact itself. I am satisfied that there is no evidence to show that this had any major impact on Mrs A.

I have reviewed clause 16 of Mrs A's loan agreement and I don't believe that there is anything there that would have stopped her 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.

Overall, I do not believe that Erudio have done anything wrong. There are errors that they have made, as referred to above. However they have already offered redress which I believe is fair in the circumstances.

I know that Mrs A has invested time and energy in trying to resolve this and I hope that having arrears backdated helps her out, although I appreciate that she may still be disappointed with the outcome.

my final decision

For the reasons stated above, my final decision is not to uphold Mrs A's complaint against Erudio Student Loans Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs A to accept or reject my decision before 20 May 2015.

Sandra Quinn
ombudsman