

complaint

Miss S complains about the way Erudio Student Loans Limited handled her student loan account.

background

Miss S is unhappy with the way Erudio handled her deferment application and the way it dealt with her complaint.

Our adjudicator thought the complaint should be partly upheld. She recommended Erudio write off Miss S' arrears, update her credit file and stop collection activities on her account, until it gave her an explanation for its repayment calculation. She also asked it to pay £250 compensation to reflect the distress caused.

Erudio didn't agree, it said that it has provided its formula for calculating repayments and it didn't think it should write off Miss S' arrears. The complaint has been passed to me for review.

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 think that the complaint should be partly upheld.

Miss S has made a number of submissions; I hope she doesn't think I'm being discourteous if I don't address every point raised. My role is to focus on the issues which I think affect the outcome of the complaint.

delay in processing the deferment application and arrears

Miss S returned the DAF to Erudio on 8 April 2014, her deferment period ended on 9 May 2014. There was a delay in processing her DAF and Erudio didn't write to tell her that her account was repayable until 28 May 2014; by which time the account was already in arrears.

Miss S is unhappy that Erudio sent her an arrears letter, when she was not told in advance that her account was repayable. I think that Miss S would have been caused some upset by receiving the arrears letter, before being told the outcome of her application.

direct debit

In letters to Miss S in May and June 2014, Erudio requested direct debit instructions to collect Miss S' repayments. I understand why Miss S feels that Erudio should already have this information, as she provided this to the previous owner. However, Erudio confirmed that this information was not passed on to it and I've seen nothing to suggest Erudio is at fault. So I don't think that Erudio's request was unreasonable. And I don't uphold this part of the complaint.

exchange rate

Miss S accepts that her income is above the deferment threshold, but she says Erudio failed to provide her with the exchange rate that applied at the time her DAF was processed. Erudio has since explained that in its final response it gave Miss S the exchange rate for the date that it reassessed her DAF. However, this was not made clear at the time and I think this caused Miss S unnecessary confusion.

repayments calculation

Erudio initially told Miss S that her monthly repayment was £153.39; Miss S thinks this should be £136.53 per month. In an email dated 2 July 2014 she asked Erudio to explain how it calculated her repayment amount. She is unhappy that Erudio haven't done this.

After a number of requests from our service, Erudio provided a formula giving a monthly repayment amount of £148.82. It says this figure is "*slightly higher*" than the previous repayment figure, because it's computerised system rounds up. I think Erudio has made a mistake here, as the second figure is lower than the initial figure of £153.39, so I don't think the difference between its own figures can be explained by systematic rounding up.

arrears letters

Miss S has found it upsetting to continue to receive arrears letters whilst she has an ongoing complaint. However, from what I've seen I don't think these letters are threatening or intimidating. Erudio is under no obligation to put her account on hold whilst her complaint is ongoing or stop collection activities.

putting things right

I don't think Miss S has received a good level of customer services from Erudio and I think it should apologise for its errors. In addition, its delay in processing Miss S' DAF meant that her account entered arrears before she was even aware that her account was in repayment. Because of this, I think that Erudio should write off the arrears accrued between the end of her deferment, 10 May 2014 and when it wrote to tell her repayment was due, 28 May 2014.

Miss S asked Erudio to explain how it calculated the repayment figure on 2 July 2014; I think it's likely that if Erudio had given Miss S an accurate explanation for the repayment amount, she would have started making payments and her account wouldn't have continued to accrue arrears. So I think it is fair that Erudio writes off any arrears accrued between 2 July 2015 and the date that it provides her with an explanation and accurate calculation for her repayment amount.

I also think its fair for Erudio to remove any adverse information reported about the arrears during the two periods, that I've told it to remove the arrears for.

I think that Miss S should repay the arrears accrued between 29 May 2014 and 1 July 2014, the day before she requested the repayment calculation. However, I agree with the adjudicator that Erudio should stop collection on her account until it has given Miss S an explanation for its calculation of her repayment amount.

I think Miss S has been caused some distress by Erudio's handling of her complaint. I agree with the adjudicator that £250 is fair compensation to reflect this.

my final decision

To resolve the complaint, I think that Erudio Student Loans Limited should;

1. apologise to Miss S for the errors and the poor customer service.
2. remove the arrears on Miss S' account accrued between 10 May 2014 and 28 May 2014; removing any adverse information recorded on her credit file, during the same period.
3. remove all arrears accrued on the account from 2 July 2014 until the date that it provides Miss S with an accurate explanation for the repayment calculation. It should also remove any adverse information recorded on its credit file in relation to the same period.
4. put Miss S' account on hold, stopping any further collection activity until it has given her an accurate explanation for her repayment calculation.
5. pay Miss S £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 6 November 2015.

Karen Dennis-Barry
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