

## **complaint**

Mr B complains that Erudio Student Loans Limited (Erudio) gave him inaccurate information about his previous student loan. He also complains that they failed to notify the Student Loans Company (SLC), that he had paid the outstanding balance, in good time.

## **background**

Mr B wanted to apply for a new student loan with SLC. He was told he couldn't do so until he'd paid off his existing loan with Erudio. On 28 August 2018, Mr B along with his support worker, called Erudio regarding his outstanding student loan balance of £844.86. During this call, his support worker was granted ongoing authority to talk to Erudio on Mr B's behalf.

At the start of the call it was explained by the support worker that Mr B was having trouble rationalising things. Mr B then shared very sensitive information with the call handler regarding his personal circumstances, physical and mental health - both presently and over the past few years.

Mr B stated that he'd just returned to college and wondered if the outstanding balance could be added to the new loan, he was in the process of applying for. This was ruled out as an option by the call handler. They advised that it would be better for Mr B to have the outstanding balance written off, if possible, on medical grounds. Mr B became overwhelmed and his support worker took over the remainder of the call. The support worker was told what would be needed, in order for Mr B's loan to be written off on medical grounds.

As a result, a copy of Mr B's doctor's note was sent to Erudio on 7 September. During a call on 10 September, Erudio explained to Mr B's support worker, that a medical write off for the outstanding balance would not be possible based on the contents of the doctor's note. They also explained that as Mr B was applying for another student loan, that suggested it was likely that he'd be trying to work again in the future, therefore making him ineligible for a medical write-off. In an attempt to seek a solution for Mr B, his support worker called later that day to discuss possible options. It was reiterated that Mr B would need to repay the outstanding balance with Erudio, before SLC would consider additional funding.

Mr B paid the full outstanding balance a few days later. As well as the wrong information about the medical write-off, he was unhappy with the overall service he'd received from Erudio. In summary this included:

- not confirming the outstanding balance had been received;
- delays in notifying SLC that the outstanding balance had been cleared;
- repeatedly calling him by his first name, when he'd asked not to be;
- not receiving call backs or being put through to a manager when asked;
- Erudio didn't write to him in 2014 to tell him they had taken over the debt from SLC;
- Erudio had failed to accept any repayment plan offer he'd made; and
- he should have been prevented from applying for a student loan the previous year, if what Erudio were now telling him about needing to repay his balance was true.

During some of these calls Mr B became abusive to staff and this resulted in some of the calls being terminated.

In Erudio's response to Mr B's complaint, they apologised for the overall poor service Mr B had received and offered £150 by way of compensation. But explained that they didn't

uphold elements of his complaint. They said they wrote to Mr B in 2014 but the first contact they had from him was in 2018. They stated the repayment plan option was only briefly discussed. It was soon ruled out, once it was established that in order to obtain the new loan, the balance would need to be repaid in full.

Mr B was unhappy with this and referred his complaint to us.

Our investigator recommended a payment of £350 should be made to Mr B, for the distress caused by the poor customer service. Erudio did not agree with this.

Mr B explained he was not happy with this outcome. He asked whether he should raise a complaint against SLC regarding his previous loan. Mr B said he wasn't told SLC had decided that the previous loan had to be repaid before seeking any further loans. He also said SLC couldn't explain why he wasn't offered a repayment plan by Erudio; or the delay in releasing his new student loan. He pointed out that if Erudio were providing information to the contrary, SLC should perhaps be contacted for their confirmation regarding the repayment decision.

The parties could not reach an agreement; therefore, this has been passed to me for a 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.

I am aware that during the call on 28 August, the possibility of a repayment plan was discussed briefly. Having listened to the call, I cannot agree that Erudio refused to accept a repayment plan proposal. The support worker explained that Mr B couldn't get another loan from SLC until the previous loan had been paid in full. The call handler confirmed this. When asked about a repayment plan, they explained that Erudio could put this in place. But they'd need to inform SLC that the debt was being repaid in instalments, and it would be for SLC to decide if Mr B could get another loan, whilst the plan was in place.

Mr B says SLC told him he would have secured the new loan, with a repayment plan in place for the old loan. He could have explored this further if this is what SLC told him, but the decision to repay the old loan in full was made instead. Mr B has asked if he should raise a complaint against SLC, as he said he wasn't told he'd need to repay the previous loan before getting a new one. This final decision will not preclude him from complaining to SLC, if he chooses to do so.

With reference to the timeliness of Erudio notifying SLC; I have considered the timeline and I am satisfied that their actions did not impact on when Mr B received the new loan. SLC were notified of the payment overnight on Thursday 13 September, and their system was updated with this information on Monday 17 September. The new student loan was authorised on 18 September; released on 19 September and reached Mr B's account on 21 September. As a result, I do not think any further consideration is needed here.

I have seen a copy of the notice of assignment letter Erudio says it sent in April 2014. I realise Mr B says he didn't receive the letter, but it has Mr B's correct address. I therefore have no reason to think Erudio didn't send it in 2014.

It is clear that Mr B has been through a troubled time, and I do not doubt that this situation has caused him much distress. I must consider what impact Erudio's actions had. Mr B had several telephone conversations with Erudio. During these calls Mr B grew increasingly frustrated, angry and upset with the call handlers and managers he was speaking to. This was because they kept addressing him by his first name, and he was receiving conflicting information from them with reference to:

- whether his balance could be written off on medical grounds;
- how much his outstanding balance was for;
- the timescale for notifying SLC that his balance had been cleared;
- whether a manager was available to take his call; and
- whether his account was accessible or locked once the complaints team were looking into his complaint.

In addition, Erudio were aware that Mr B was having trouble rationalising things. Alongside the sensitive information Mr B had shared with them regarding his mental health and the impact this situation was having on him. I think for these reasons Erudio ought to have been aware Mr B was likely to be vulnerable.

Erudio has pointed out that Mr B chose to make the calls to them, even though his support worker had been granted ongoing authority to talk to them on his behalf. And have suggested that any additional stress caused to him, was therefore avoidable. I do understand Erudio's position, and in deciding what I consider to be fair compensation overall, I've taken this into account as well as Mr B's sometimes abusive telephone manner. This understandably won't have helped Erudio resolve his concerns as easily as it could have.

The issue here is that Mr B was provided with incorrect information and his vulnerable state meant this had a greater impact on him. Consideration should also be given, to the role Erudio played in Mr B thinking he'd be able to obtain further finance, despite an outstanding debt to SLC. Erudio has explained that Mr B received the previous years' finance incorrectly. This didn't help when Mr B was trying to make sense of the situation. The approach taken in this instance, unfortunately did not help matters and I am of the opinion that a payment of £350 would be a fair and reasonable outcome.

### **my final decision**

For the reasons I have given, I have decided to partially uphold this complaint. I direct Erudio Student Loans Limited to make a payment of £350 to Mr B, for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 February 2020.

Chantelle Sayles  
**ombudsman**