

complaint

Mr M is unhappy that Erudio Student Loans Company (Erudio) is processing his student loans under two different accounts.

background

In November 2013, Erudio took over Mr M's student loans from another provider. Mr M had ten loans in total, but the previous provider dealt with them as though one account under a single customer reference number. That meant Mr M got just one annual statement and one deferral form for all of his loans. But when Erudio took the loans over, they were split into two accounts, with five loans attached to each account. Although Erudio have agreed to send Mr M just one deferral form to complete for both accounts, Mr M still isn't happy about the fact the loans have been split over two accounts. He said it has meant more paperwork for him and has led to overall confusion as to what has happened with the accounts.

For example, the accounts entered a remediation process at different times. This is a project set up by Erudio to address the fact that some statutory notices issued by the previous provider had not complied with Consumer Credit Act 1974. Mr M said there was a lack of clarity around that process – including that he wasn't sent an annual statement for one of the accounts. Mr M wanted Erudio to remove interest for the period of time he wasn't sent an annual statement for that account.

He complained to Erudio. It said it couldn't combine his loan accounts as they had been separated by the previous provider due to differences in the loan terms or details within the original application. Erudio explained its system wouldn't allow it to combine the loans.

It explained that as both of Mr M's accounts had entered into remediation at different times, he hadn't been written to about one of the accounts entering the remediation process.

Account A had entered into remediation in June 2015 and investigation for that account was completed in April 2016. Account B was under remediation investigation from July 2015 to February 2016. Erudio said neither of Mr M's accounts required remedial activity, but nevertheless, interest was suspended while the accounts were reviewed.

Erudio did agree that Mr M should've received an annual statement for both accounts during remediation, but unfortunately it only sent an annual statement for Account A. It apologised for that error and eventually sent the missing annual statement for Account B.

Mr M wasn't happy with Erudio's response and so he asked us to look at his complaint. He wanted Erudio to administer all of his loans under one account. He wanted Erudio to pay compensation for the distress and confusion caused. He also wanted Erudio to write off the interest attached to Account B for the period of time it had failed to send him the annual statement.

Our adjudicator recommended that Erudio manage all ten loans under one account number - in line with how the previous provider had managed the loans and pay Mr M £150.

Mr M responded to say he thought that because his annual statements hadn't been aggregated since Erudio took them over – he should have all of the interest removed from both accounts for the period Erudio had been managing it, and as it had sent him copies of statements for previous years, the same should apply to those statements too. He also said

that having since received the statement for Account B, he thought it might be incorrect. He also felt that the fact he's had so many problems with Erudio meant a higher compensation award was warranted here.

Erudio responded to reiterate that when the accounts had been migrated from the previous provider – they had been migrated as separate accounts. It said its system simply didn't allow for it to treat all ten loans as one account - and it said there was nothing in legislation requiring it to do so.

The matter therefore needs an ombudsman's 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 think it's fair to say the relationship between Erudio and Mr M isn't great. Mr M has already been to this service on two separate occasions to complain about how Erudio has been managing his accounts. He has already had decisions about those issues.

After Mr M brought this complaint to Erudio and to this service, he expanded his complaint to say that he was unhappy about charges applied to the most recent statement provided for Account B. He also argued that duplicate statements sent by Erudio (that had already been sent by the previous provider) were defective as they contained errors and they also should have been aggregated. He also said there were other errors with the statements sent by Erudio since it took over his loans.

Mr M hadn't raised these issues with Erudio and he'll need to do that first, if following this decision, he still wishes to complain about those matters. I focus in this decision on the three key issues that Mr M raised in his initial complaint with this service.

aggregation of the loans under one account

Mr M wants all of his ten loans dealt with under one account. That's how the previous provider dealt with his loans and Mr M said it meant he found it easier to keep track of everything and it was less confusing. What's more, Mr M thinks Erudio is breaching consumer credit legislation by failing to aggregate all of his loans into one account.

But Erudio said it simply can't comply with Mr M's request. Its system won't allow it to. Anyway, it said that is not how Mr M's loans had come to it – the previous provider had sent them as two separate accounts. It said although Mr M's account had been managed by the previous provider under one customer number – this was a cosmetic change prior to migration.

Not accepting this explanation, Mr M contacted the previous provider and he also made a freedom of information request of Erudio. The previous provider said his loans had been managed under one account and that it looked like they had been separated following migration to Erudio.

We asked Erudio about this. It highlighted that the previous provider had told it that the loans had been separated due to differences in the loan application, but accepted that wasn't a

wholly correct description of the position. But it said, regardless, it simply didn't have the facility to offer a combined account to someone with this unusually high number of loans.

I acknowledge what Erudio says about its system not allowing it to manage more than eight loans under one account and that Mr M's number of loans is unusual. And that although it is looking into this – it simply can't provide Mr M with one account at this point in time. But that's not Mr M's fault.

I can understand why Mr M would find it easier to have all of his loans dealt with as though one account. It does appear that dealing with the loans as separate accounts has given rise to some confusion. The previous provider dealt with the loans as one account and so I think that is something Mr M can fairly expect going forward from Erudio – even if that means Erudio needs to deal with Mr M's account manually. And it hasn't helped matters that the information Erudio provided to Mr M about how the accounts were migrated wasn't entirely correct.

Mr M has pointed to legislation he said means that Erudio is obliged to treat all of his loans under one account. I'm not sure that these regulations necessarily apply to the circumstances here. It seems to me that both parties need to consent to the aggregation and it's clear that Erudio doesn't. But in any event, this service, whilst having regard to the law and regulations, looks at what is fair and reasonable. And as I've already indicated – I think it fair and reasonable to ask Erudio to manage his ten loans as though under one account going forward.

annual statement not sent for Account B

Mr M was due to receive the annual statement for both accounts in September 2016. But, for Account B, Erudio can't confirm it was sent until May 2016. Erudio apologised for the delay. It explained that it was a reconstituted statement sent following Mr M's previous complaint, but it couldn't confirm it had been sent when it should've.

I acknowledge what Erudio has said about the fact this hasn't caused Mr M any distress and he told it he only needed it for records. But it is important that statements are sent when they are supposed to, so as to comply with consumer credit legislation and so that borrowers are kept fully informed about their accounts. As Erudio can't show that it provided this statement when it should've in September 2015, I think it should remove the interest applied to Account B from when it should've been sent in September 2015 to when it can confirm it was sent in May 2016. As this overlaps with the period when the account was in fact in remediation, Erudio need only additionally suspend interest for the period from March 2016 to May 2016, as it had now agreed to do.

remediation

With regards to the remediation process, Mr M was confused as he received correspondence about one account being in remediation, Account B, but not the other.

Both of Mr M's accounts entered into the remediation process, but at slightly different times and taking different lengths of time to complete. Although neither account was found to require remedial activity, interest was suspended on both accounts while they were being investigated. So for Account A, Erudio didn't charge interest from June 2015 to April 2016 and for Account B from July 2015 to February 2016. Having looked at the annual statements, I'm satisfied that interest hasn't been applied for these periods.

But Erudio only told Mr M that Account B was in remediation and didn't tell him anything about Account A. So I can see why Mr M was confused.

But ultimately, the accounts didn't require remedial activity and although confusing, Mr M has in fact benefited, as no interest was applied to the accounts while they were being investigated.

Having considered all of the circumstances here, in this particular instance, I think Erudio should manage Mr M's loans as though all under one account and remove interest for the three month period as set out above in respect of Account B. Overall, I think Erudio's communication with Mr M has been poor.

I can sense Mr M's frustration at what has gone on here and his relationship with Erudio overall, but I think £150 is reasonable compensation.

my final decision

My final decision is that I uphold this complaint. To put things right I require Erudio Student Loans Limited to:

- manage all ten loans under one account in line with how the previous provider managed Mr M's account;
- remove interest for the period March 2016 to May 2016 applied to Account B; and
- pay Mr M £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 March 2017.

Siobhan Kelly
ombudsman