

The complaint

Miss D complains about the way Erudio Student Loans Limited has handled her accounts with it.

What happened

Miss D has four student loans with Erudio. The loans were taken out in subsequent years starting in 1999 and ending in 2002. All of the loans are still active.

Erudio took ownership of three of the loans in 2014. The fourth loan was taken under a shared borrower status. This meant there was more than one administrator for the loan and created a situation where Miss D's loans were covered by three separate accounts.

Miss D complain about the way these accounts have been handled by Erudio. She says Erudio has caused significant distress and inconvenience to her via the way it requires her to make the repayments. Miss D suffers with issues of ill health. She also said she believed Erudio had indirectly discriminated her due to her ill health and in particular during a period of time she was unable to work. Due to Miss D's ill health the repayments for the loans were deferred for a number of years. These deferments ended after 2020 when Miss D went back into employment. Miss D is complaining about the way Erudio has handled these accounts, in particular the way in which she is required to make the repayments and Erudio's actions when payments are made late.

Our investigator set out a detailed timeline of events in their initial view to this complaint. I won't repeat the background in this decision for the sake of brevity. I will only refer to key events for context to the decision I've reached.

In summary our investigator recommended the complaint be upheld. He felt an appropriate outcome would be for Erudio to:

- No longer charge interest on the loans (this is something which had already been agreed by Erudio)
- Work with Miss D to come up with a suitable repayment plan to cover the remaining balance of the loans
- Provide Miss D with £350 compensation to reflect the distress and inconvenience which had been caused.

Miss D responded to the view, and whilst not agreeing with it in total, attempted to mediate a settlement with Erudio. Erudio responded with confirmation of the settlement figures it would require for Miss D's accounts to be closed. Miss D did not accept these settlement figures as she was concerned there would be negative markers left on her credit file. As no mediation or agreement could be reached the matter has been passed to me to consider.

What I've decided – and why

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

I'll start by saying that there is a large amount of information on this case. I appreciate the time and effort that Miss D has put into this complaint. And I understand her strength of feeling on this matter. I can assure her that I have carefully considered all of the information she has provided, as well as all of the information which Erudio has been able to provide. Whilst I may not reference all of the information which we have on file, I can assure Miss D I have very carefully considered everything.

In resolution of her complaint Miss D explained that she would like to repay her balances without additional interest, and for Erudio to recognise the distress which has been caused.

In response to our investigators view Erudio agreed to remove interest and charges and provided an updated settlement figure for each account. It also confirmed if Miss D paid these settlement figures the accounts would be closed with '*no information*' being reported to the credit reference agencies outside of the required balances.

Miss D maintains that Erudio has not engaged correctly with her complaint and with our service. She remains unhappy Erudio has not provided all of the calls which she feels are important to her complaint.

As has been agreed by all parties, I can only look at events which have happened in the six years prior to Miss D raising her complaint. All parties also agree there are balances outstanding on the loans.

I'll deal with the financial and non-financial elements of Miss D's complaint in turn.

Financial element - Settlement of the accounts

Erudio has confirmed that interest has not been charged on the accounts since 2016. It has provided an updated settlement figure for each of the accounts. Miss D has not disputed this amount, and I've no reason to doubt the accuracies.

Considering Miss D has not been charged interest on the loans since 2016, I'm satisfied that Miss D has not suffered a financial loss during the period of time which I can consider.

Erudio has provided Miss D with early settlement figures to close her accounts with it. Erudio has also confirmed that it will only be providing information it is required to do to the credit reference agencies. If Miss D wishes to settle her accounts in line with these figures, then she will need to contact Erudio directly to discuss this. I'm satisfied this offer of settlement is fair and reasonable in the circumstances of this complaint.

If no agreement over these settlement figures can be achieved, I agree with our investigator, that Erudio should work with Miss D to come up with a suitable repayment plan for the full outstanding balance of the accounts. I would remind Erudio of its ongoing obligations towards Miss D and to follow the relevant guidance on forbearance where applicable.

Non-Financial element – Distress and inconvenience caused

Miss D complains that Erudio required her to make separate phone calls each month to make manual payments towards her separate loan accounts. She says during these calls it was clear she was distressed by the repayment method – namely that she didn't want to set

up direct debits and found being asked forbearance questions each month upsetting. She also complains in other calls it was clear she was distressed and Erudio's representatives were not supportive. Miss D also complains that Erudio raised a complaint on her behalf during a call which was against her wishes at the time. Miss D has also raised concerns about Erudio not merging her accounts into one single account, and says she has been indirectly discriminated against due to her health.

Erudio has been able to provide some, but not all of the calls between itself and Miss D. In response to our investigators view Miss D reiterated her desire that all of the telephone calls be provided. Erudio have confirmed it has provided all calls it is able too. I appreciate this will come as a disappointment to Miss D, but when there is incomplete or conflicting information, I'm able to make a finding on the balance of probabilities. And that is what I've done here.

From listening to the calls I have available to me, it is clear Miss D has been caused distress and inconvenience. Erudio has provide conflicting information regarding the repayments and the operation of the accounts. Miss D is clearly upset on the calls, and I'm satisfied the handlers could've done a better job of understanding Miss D's circumstances, and the wider context of her account. In particular, there is conflicting information over how Miss D is required to pay and the methods of payment which are available to her.

Whilst I accept that Erudio are required to ask Miss D the necessary repayment questions each month, I'm satisfied it could've done this in a more understanding manner, especially considering it would've been aware of the wider circumstances of Miss D's account. Instead, from the calls I've listened to, it does feel like Miss D is required to go over similar questions and reiterate the same issues. I'm satisfied this added to the distress and inconvenience which was experienced by Miss D.

As mentioned above, Miss D has asked for specific calls to be provided. Erudio has confirmed it has provided everything it can. I've taken everything Miss D has said in relation to the calls, as well as what I've listened too, when considering any award for distress and inconvenience. I appreciate Miss D's frustration over this matter, but this is the approach our service takes in complaints of a similar nature.

In connection with having to make direct calls to Erudio, Miss D also complains about not having the accounts merged into one account and given access to this online. She says this added further distress and inconvenience to her interactions with Erudio. Whilst I can understand the point Miss D has raised (and this is noted in the calls above), Erudio has provided a reasonable explanation to this issue. It has outlined that due to the history of the account, in particular they were bought over, and consisted of three separate accounts, it is unable to merge them into one online account. Due to the individual nature of Miss D's accounts I don't find this unreasonable, as each loan account will have different repayment terms to them. Whilst I appreciate Miss D says she finds having to make separate calls in relation to her account, I can't say Erudio has acted unfairly given they are all separate accounts.

In relation to the other aspects of Miss D concerns regarding customer service –including raising a complaint against her wishes – I'm satisfied Erudio has acted reasonably. Whilst I note above Erudio may not have handled calls in the manner I'd expect, outside of that, I can see it has engaged with Miss D in a reasonable way. It has sent her necessary documents such as notices of arrears, when required to do so. Whilst I appreciate this feeds into the wider aspect of her complaints about service, it is something which Erudio needed to do. This is similar to logging complaints when they are raised. Whilst I appreciate this may've been against Miss D's wishes at the time, ultimately Erudio has acted reasonably when a consumer has expressed a form of dissatisfaction (which Miss D had) to record it and to investigate those concerns.

Finally, Miss D has raised concerns over indirect discrimination due to her health. I'm satisfied that our investigator set the rationale of this aspect of Miss D's complaint well. Namely that Miss D was not required to make any payments during the period of time she had not met the required threshold, but the business was entitled to apply interest. This would be the same as any other borrower in the same circumstance, namely that if they had not met the threshold then no payments would be due. So, I'm not persuaded Miss D has been treated differently, either directly or indirectly, as a result of her health. As explained previously Erudio have since removed all interest from Miss D's account from 2016 onwards, meaning that there has been no financial detriment since Erudio has taken over the loan, or during the period I can consider.

So overall, in relation to the non-financial loss element of Miss D's complaint, I'm satisfied that Erudio's actions have caused Miss D distress and inconvenience. And whilst I may not agree with all of the points Miss D has raised, I am satisfied that Erudio has caused Miss D significant distress during its handling of her account. And as such it needs to make a payment to recognise this.

Putting things right

Although I'm satisfied Erudio does not need to do anything further in relation to Miss D's financial loss; I'm satisfied that Erudio's actions have caused Miss D distress and inconvenience. Namely that it gave Miss D conflicting information over her accounts during the communications it had with her, and that it added to the distress she was already clearly suffering. I'm satisfied Erudio should've been sufficiently aware of Miss D's circumstances and could've done more to help her at points during its communications with her. I'm satisfied this distress and inconvenience occurred over a number of interactions over a sufficiently long period of time, and as such warrants an award which recognises this. I'm satisfied the award of £350 recommended by our investigator is an appropriate level, and is similar to an award I would've made had none been before. This is in line with our published guidance on awards for distress and inconvenience.

In order to resolve this complaint, I require Erudio Student Loans Limited to:

- Work with Miss D to come up with a suitable repayment plan for the outstanding balances if she does not wish to settle the loans early;
- Pay Miss D £350 for the distress and inconvenience it caused her.

As a reminder, should Miss D wish to settle her accounts early with Erudio then she will need to contact it directly to discuss this.

My final decision

My final decision is that I uphold this complaint against Erudio Student Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 4 August 2023.

Tom Whittington
Ombudsman