

The complaint

Ms S complains that Lantern Debt Recovery Services Ltd is unfairly attempting to collect a debt it acquired in her name.

What happened

In August 2023 Lantern purchased a debt in Ms S' name from a business I'll refer to as A. The debt related to a guarantor loan for £10,000 plus interest of £13,715 with A that was opened in October 2018.

A subsequently ceased trading and administrators were appointed to wind up the business and deal with any claims made by customers on the basis it had lent irresponsibly. The administrators placed a final date for borrowers wishing to raise irresponsible lending complaints in November 2022. Ms S says that she used the portal A operated during this time to raise a claim but didn't receive any confirmation or subsequent responses. A's administrators say there's no record of a complaint or claim by Ms S.

The outstanding loan balance was sold to Lantern in August 2023 and it issued a Notice of Assignment to confirm the new arrangement. Ms S went on to raise a complaint with Lantern and said the account should never have been sold as she'd raised a complaint with A's administrators. Ms S also said Lantern had attempted to collect payments from the guarantor.

Lantern contacted A's administrators but received confirmation there was no record of any claim from Ms S. And, by that point, the end date for raising a claim with A's administrators had passed.

Lantern didn't uphold Ms S' complaint as they didn't find anything that showed a claim had been raised with A's administrators.

Ms S referred her complaint to this service and it was passed to an investigator. The investigator spoke with A's administrators but they confirmed there was no record of receiving a claim from Ms S before the scheme closed. As a result, the administrators confirmed Ms S is no longer able to claim against A on the basis it lent irresponsibly.

Our investigator didn't uphold Ms S' complaint and said Lantern had purchased the debt from A's administrators and wasn't aware of any dispute she may've had concerning whether it lent irresponsibly. The investigator wasn't persuaded Lantern had acted unfairly by attempting to collect the outstanding balance it had acquired from A's administrators.

Ms S asked to appeal and advised she'd attempted to raise a claim with A's administrators before the scheme closed, providing a detailed background. Ms S explained that it's no longer possible to get evidence of her attempts as the portal A's administrators had been using was no longer operational. As Ms S asked to appeal, her complaint has been passed to me to make a decision.

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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I can understand why Ms S has asked us to look into her case and her concern that there's no evidence of a claim with A's administrators before the scheme to look at irresponsible lending complaints closed. But I need to explain that in this decision, I'm only able to look at Lantern's actions. I have no powers to consider Ms S' concerns about the original lending decision A made or the circumstances under which she attempted to raise a complaint about irresponsible lending against A's administrators in this decision.

What I can say is that Lantern purchased the account from A's administrators in August 2023. When Ms S advised she'd raised an irresponsible lending complaint with A's administrators I can see that Lantern went on to contact them to check what she said. But Lantern has provided a copy of the response it received and that confirms there's no record of any claim made by Ms S before A's administrator's scheme closed. Our investigator also contacted A's administrators and received confirmation there was no record of a claim from Ms S. Whilst I can't comment on whether Ms S made her claim to A's administrators in time, I would have expected Lantern to carry out further enquiries before attempting to collect the outstanding balance to verify what she said. And I think it's fair to say, that is what Lantern did. Whilst I understand the response to those enquiries hasn't come back in Ms S' favour, I'm satisfied Lantern completed reasonable checks with A's administrators when she raised the issue of an outstanding claim with it and went on to confirm the outcome.

As Lantern hasn't been advised that Ms S' account was subject to a claim with A's administrators and the outstanding balance was acquired by it in August 2023, I'm not persuaded it's acted unfairly. In my view, Lantern has reasonably contacted Ms S to discuss potential arrangements to clear the outstanding balance. I can see that Ms S completed an income and expenditure assessment with Lantern to look at her circumstances and whether she can afford to make repayments to the balance. Lantern will be obliged to work with Ms S to take her circumstances into account and agree an affordable payment arrangement where possible.

I'm sorry to disappoint Ms S but as I'm satisfied Lantern has fairly made contact concerning the outstanding balance of the account and that it's made the relevant enquiries after she notified it of her concerns about a claim with A's administrators, I'm unable to say it's made a mistake. As I'm satisfied Lantern has dealt with Ms S' enquiries and complaint fairly, I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Ms S' complaint about Lantern Debt Recovery Services Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 8 April 2024.

Marco Manente
Ombudsman