

The complaint

Mr R complains about Lantern Debt Recovery Services Ltd trading as Lantern trying to collect a debt on a loan which he believes was sold to him irresponsibly. He wants any charges and interest refunded. And the details of the debt removed from his credit file.

What happened

Mr R tells us that he was provided with a loan by a business I'll refer to as W. He explained that he later complained to W that the loan had been unaffordable and had been made irresponsibly. Believing his complaint to have been upheld, Mr R says he later discovered that W had gone into administration. And that the debt had been sold to Lantern. He says that when he complained to Lantern and asked it to refund the interest and charges it had rejected his complaint.

Lantern told us that it had acquired the debt in 2019 from the administrators of W. And that the administrators had set a date of 31 August 2019 by which claims for redress against W needed to be made. It said that it wasn't responsible for the actions of W.

Our investigator didn't recommend that the complaint should be upheld. She said that Lantern was only acting as a debt collection business. And that it wasn't responsible for what had gone on prior to it acquiring the loan.

Mr R wasn't happy with this outcome. As it's not been possible to resolve this complaint an ombudsman's been asked to make the final 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 sorry that Mr R has experienced financial difficulties. And I understand that this can have a distressing effect and contribute to health concerns.

Mr R's original complaint was about the loan being sold to him irresponsibly and at a time when he couldn't afford to repay it. It's not in dispute that this complaint was made to W. And that Lantern played no part in the granting of the initial loan.

As I'm looking at a complaint against Lantern, which is now the owner of the debt, I'm only able to consider its actions. And not those of W. So I'm unable to make a finding as to whether or not the loan was sold irresponsibly. Whilst his previous complaint to W had been acknowledged, there's no evidence to say that it had been upheld. Or identified as giving any right to redress.

I've seen information that the businesses supervising the administration of W set a deadline of 31 August 2019, by which time all claims for redress against W had to be submitted. Mr R states that he was unaware of this process. The deadline for claims to be submitted was a matter for the administrators. And as Lantern was not directly involved in that process, I can't say it did anything wrong.

I'm aware Mr R doesn't think that it was fair that Lantern shouldn't have acquired the debt whilst it was subject of a complaint. Nor does he agree that the administrators should have sold the debt. But I'm afraid that both those issues are not matters over which I've any control.

When the loan was sold to Lantern it became the legal owner of the debt in the sum of £980.33. As such it's entitled to seek repayment of that sum. So I can't say that Lantern has done anything wrong in contacting Mr R and seeking to collect the debt from him.

When a customer raises a complaint, we'd expect a business to properly investigate that matter. And I find that Lantern has complied with its obligations. It looked into Mr R's complaint and then provided the details of the circumstances in which it came to own the debt. I find that this was a reasonable response.

I don't find that Lantern has done anything wrong relating to its acquisition of the debt. Or its subsequent efforts at collection. It wouldn't be fair and reasonable for me to require Lantern to waive any charges or interest which was applied to the debt by W.

Going forward, we'd expect a business to treat its customers fairly. And if a business is aware that a customer is facing financial difficulties it's required to show forbearance and due consideration. How that is achieved is a matter for each individual business. But typically, it might include an affordable payment arrangement. And I can see that Lantern suggested to Mr R that he contact the business which is managing the account on its behalf.

Whilst I empathise with Mr R, I'm unable to find that Lantern has done anything wrong here. Accordingly I'm not upholding this complaint.

My final decision

For the reasons given above, my final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 June 2021.

Stephen Ross
Ombudsman