

## The complaint

Mr P has complained about Lantern Debt Recovery Services Ltd pursuing him for a debt which he says is fraudulent.

## What happened

This complaint is about a short-term loan which was taken out in November 2019. The last repayment was made in March 2020. It was sold to Lantern in August 2020.

In mid-2021, Mr P said the loan was fraudulent. At first, Lantern didn't address this. They later apologised, saying they'd overlooked his email.

Lantern asked Mr P for more information so they could look into the alleged fraud, such as his bank statements. But Mr P didn't provide them. He said they'd show the money had gone into his account, which would make it hard for him to prove it was fraud. He set up a repayment plan instead.

Our investigator looked into things independently. They didn't make any findings on the fraud allegation, but recommended that Lantern pay Mr P £100 compensation for the delay in looking into the allegation.

Mr P thanked our investigator for this, but he reiterated the loan was fraudulent. Lantern didn't reply at first, then later agreed to pay the compensation but only if it went towards reducing the outstanding balance. The complaint was passed to me to decide. I asked both sides for more information about the alleged fraud.

I sent Mr P and Lantern a provisional decision on 11 May 2022. In that decision, I said:

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

*In doing so, I've thought carefully about whether it's fair for Lantern to pursue Mr P for this account. And based on what I've seen so far, I think they are entitled to pursue him. I'll explain why.*

*This loan was taken out using Mr P's genuine personal details. Notably, this included his genuine contact details too, such as his mobile phone number and email address. And it's difficult to see why someone would use Mr P's genuine contact details if they were trying to defraud him – as all the contact would go to Mr P directly and he'd find out about the fraud almost straight away.*

*Indeed, Mr P received quite a bit of correspondence about this account – such as by email, text message, and post. But he didn't report anything was wrong until over a year and a half after the loan started. And I really can't see why Mr P would wait so long if this loan had been taken out without his permission.*

*The loan money was paid into an account in Mr P's name, and he's accepted he did receive the funds. And at present, I'm not able to see how someone else could have been able to access Mr P's account and spend the money without his permission. So it looks like Mr P benefitted from this loan.*

*The loan also received a number of repayments from a debit card in Mr P's name, which was verified as being his. So it seems like Mr P acknowledged the loan was his by making repayments. Notably, Mr P cancelled these payments in March 2020, but didn't report any fraud until over a year after that. So again, it looks like he was fully aware of the loan, but didn't report that anything was wrong at the time.*

*Indeed, it looks like until mid-2021, Mr P was dealing with the loan as a genuine account of his. According to the original creditor's records, Mr P called them in December 2019 to let them know he'd be late making a payment, and to make alternative arrangements. I can see he also dealt with the loan through a debt charity, who helped him arrange breathing space. And I've listened to a call Mr P had with Lantern, where he accepted he'd received the money, and he set up a repayment plan.*

*We did ask Mr P for clarification about why he thought the loan was fraudulent and why he waited to report it as fraud. We also asked for details to help us understand how someone else might have been able to take out this loan in his name and spend the money. And we asked for his bank statements so we could see what happened to the loan funds. But so far, Mr P hasn't provided this information.*

*So based on what I've seen so far, I've not seen anything which makes me think this loan was taken out fraudulently, whereas there seems to be substantial evidence that it was a genuine loan of Mr P's. So I currently think it's fair that Lantern are pursuing him for it.*

*Lastly, I can see Lantern accept that they didn't deal with things well when Mr P initially made the fraud allegation. It looks like they've agreed to the £100 compensation our investigator recommended, but only if it's used to reduce the loan balance. Since this appears to be a genuine loan balance, I think that's fair.*

*I said I'd consider anything else anyone wanted to give me – so long as I received it by 8 June 2022.*

### **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.*

*Lantern have not added anything further. Mr P also didn't add any new arguments or evidence, though he asked for clarity on how the £100 would be paid.*

*To clarify, if Mr P accepts this final decision, we'll direct Lantern to use the £100 to reduce the loan's balance.*

Otherwise, neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

### **My final decision**

I find that Lantern Debt Recovery Services Ltd are entitled to pursue Mr P for this loan.

I direct Lantern Debt Recovery Services Ltd to reduce the balance by £100 as compensation for how they dealt with this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 July 2022.

Adam Charles  
**Ombudsman**