

The complaint

Miss N complains Lantern Debt Recovery Services Ltd are asking her to repay a debt which she's said she was told would be repaid.

What happened

Miss N took out a loan with a company I'll refer to as S. Miss N says when S went out of business, she was contacted on the phone by their administrators and told nothing more would be owed on the loan, and it'd be removed from her credit file. But, after this, she says Lantern got in touch, and are refusing to dispute the account for her – they're asking her to repay the debt. Miss N asks for the debt to be removed from her credit file.

Lantern explained they bought the account in February 2020, in good faith and on the understanding the balance was owed. They said they were unaware of any issues, and after they'd bought the account several payment plans in May, June and October 2020 were set up with Miss N. Lantern said Miss N made one payment under these plans and found no evidence she disputed the validity of the debt until June 2022. They understood Miss N believed her debt had been written off, but there was no evidence to support that. Lantern added they were happy to reconsider their stance if she was able to provide anything in writing to confirm the loan had been written off.

Unhappy with this Miss N asked us to look into things, explaining she's got nothing in writing to show the debt was written off – and as S are in administration they've stopped replying to her enquiries.

One of our Investigators looked into things, but ultimately found Lantern had acted fairly in asking for evidence the debt had been written off and, in the absence of that evidence, in asking for the debt to be repaid and continuing to report it on Miss N's credit file.

Miss N said she understands the debt should be paid back but thinks it's unfair her credit file still shows the loan. She asks that the debt is removed from her credit file, as S did for other customers. She's also mentioned she wasn't able to deal with matters until after the deadline for claims with the administrators for S had passed because of Lantern's actions.

As our Investigator and Miss N couldn't agree, the complaint's been passed to me to decide.

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.

Here, Miss N isn't disputing she took out a loan with S. I've seen evidence of S going into administration, and a Notice of Assignment (NoA) saying Lantern are now the rightful owner of the debt.

It's quite common in unsecured lending situations where if someone has fallen into arrears or default that the debt may be purchased by a debt purchaser – such as Lantern. This

means they're now the owner of Miss N's debt, but they're not responsible for things the original lender did such as assessing whether the lending was affordable or not.

This means Lantern are entitled to ask Miss N to repay the debt, unless there is evidence to suggest they shouldn't.

Here, Miss N isn't able to provide anything to demonstrate her debt was written off. I don't dispute her testimony which is that she was phoned and told her account had been written off, so she didn't need to pay anything further and the account would be removed from her credit file.

But, I need to consider this from Lantern's perspective, as well as Miss N's. Lantern have asked Miss N what evidence she says to prove the debt was written off – and she's unfortunately not been able to provide anything. Without that, it's difficult for me to say Lantern aren't entitled to ask her to repay the debt. And, in the absence of clear evidence to say the account should no longer be reported to the credit reference agencies, I've no grounds on which to ask Lantern to stop doing that.

I've noted Miss N said other customers of S had their credit files cleared of the debt. But, I've seen the scheme email where it seems Miss N got this information – and it says *"We are currently submitting updates to credit reference agencies in order to amend customers' credit files for loans that have been deemed unaffordable"*.

So, I agree some customers of S have had their credit files updated – but only where it's been deemed the loan itself was unaffordable. And, as I've explained above, unfortunately Miss N doesn't have any evidence of that happening for her loan.

I've also noted Miss N's concerns that Lantern didn't tell her about them taking over the debt until it was too late for her to raise her concerns to the administrator. I don't though think I can agree with that – as Miss N was sent the NoA in February 2020, and the scheme didn't close until January 2021. Whether Miss N received the NoA or not I can't know, but it's correctly addressed, and I've seen nothing to suggest it shouldn't have arrived with her.

Overall, as Lantern were assigned the debt in February 2020, they're entitled to ask for repayment of the debt and to report it to the credit reference agencies. I can't say this is unfair, because there is simply no clear evidence Miss N's loan has been written off as she said.

I have though got significant sympathy for Miss N given what she's outlined about how this has impacted her. With that in mind, our service determined who the administrators were, and found some contact details to try and get an updated position. We did contact them, but they didn't reply. I've asked our Investigator to include this information for Miss N in the covering email for this decision, so she can contact them herself and, if she gets more information, then she can take that back to Lantern as a new complaint for them to consider the appropriate next steps.

My final decision

For the reasons I've explained above I don't uphold this complaint.

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

Jon Pearce

Ombudsman