

The complaint

Mr B complains Lantern Debt Recovery Services Ltd pursued him for a debt he'd already repaid.

What happened

At the end of May 2022 Lantern purchase a debt in Mr B's name from another business. Mr B's explained that the account was sold in error and that he'd already repaid the outstanding balance with the original lender.

Mr B contacted Lantern and challenged whether it should be trying to collect the debt from him. Lantern contacted the original lender and at the beginning of August 2022 it responded to confirm the account should be returned to it.

Lantern failed to update its systems and Mr B's told us it continued to send him collection letters and record adverse information on his credit file. In September 2022 Mr B was declined for credit.

In October 2022 Mr B went back to Lantern and it contacted the original lender again. Mr B's account was subsequently returned and the adverse information removed from his credit file. Mr B complained and Lantern sent him a final response. Lantern apologised for the way his account had been handled and offered him £50 for the distress and inconvenience caused.

An investigator at this service looked at Mr B's complaint and upheld it. They didn't think Lantern's offer fairly reflected the level of trouble and upset caused and asked it to increase the award to £250. Mr B accepted but Lantern didn't. As a result, Mr B's 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've been brief in setting out the background above as all parties broadly agree about what happened. I'm satisfied that when Mr B became aware Lantern had purchased an account in his name he quickly contacted it to explain the balance had already been repaid. And I can see the original lender contacted Lantern at the beginning of August 2022 to request a return of the account. The evidence available shows Lantern should've returned the account instead of continuing with collections activity.

Mr B has provided evidence to show he was declined for credit in September 2022, after the original lender requested a return of the account. I haven't seen a full copy of Mr B's credit file, but I can understand why he's concerned that information recorded by Lantern may've impacted his application.

Mr B's explained that receiving collections letters and having incorrect information recorded on his credit file in relation to a debt he'd already repaid caused him a significant level of

distress and inconvenience over a reasonably long period. I accept that's the case. I'm not persuaded Lantern's offer of £50 fairly reflects what happened of the impact on Mr B and his credit file. In my view, a total payment of £250 more reasonably reflects the distress and inconvenience caused to Mr B over time and is a fair way to resolve his complaint. As a result, I'm upholding Mr B's case and directing Lantern to pay him a total of £250.

My final decision

My decision is that I uphold Mr B's complaint and direct Lantern Debt Recovery Services Ltd to pay him a total of £250 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 March 2023.

Marco Manente
Ombudsman