

The complaint

Miss L is unhappy with how Lantern Debt Recovery Services Ltd reported information to her credit file.

What happened

In 2018, Lantern purchased an outstanding debt owed by Miss L and were told by the originating creditor that the date of default for the debt was in May 2022, prior to the sale of the debt to Lantern.

In 2022, Miss L contacted Lantern and complained that the account from which the debt had originated had been in existence in January 2017, at which time she'd entered into an Individual Voluntary Arrangement ("IVA"). As such, Miss L felt that the date of default should be amended by Lantern to reflect the date she entered into the IVA.

Lantern responded to Miss L and acknowledged that the last record of payment on the account in question was in January 2017. Lantern also noted that defaults generally take place between three to six months after the date of last payment, and so agreed to backdate the date of default to April 2017 – three months after January 2017. Miss L wasn't satisfied with Lantern's response, so she referred her complaint to this service.

In January 2023, one of our investigators looked at this complaint. They noted that, as per guidance issued by the Information Commissioner's Office ("ICO"), default dates should be consistent with IVA dates, and no later than the date of the IVA. As such, our investigator recommended that this complaint be upheld in Miss L's favour and that Lantern should amend Miss L's credit file so that the date of default was in alignment with when Miss L entered her IVA, and that Lantern should make a payment of £100 to Miss L as compensation for the upset and inconvenience she'd incurred surrounding this matter.

Lantern accepted the recommendation put forwards by our investigator and made a payment of £100 to Miss L. However, they didn't update the date of default on Miss L's credit file. This led to our investigator issuing a second view on this complaint – in April 2023 – whereby they confirmed that Lantern should amend the date of default to when Miss L entered the IVA and said that Lantern should pay a further £150 to Miss L for not updating her credit file in a timely manner following their initial recommendation in January 2023.

Lantern subsequently accepted this second view put forwards by our investigator. But to date the date of default on Miss L's credit file remains unamended. Miss L wasn't happy with Lantern's failure to act as they'd agreed to, so the matter was escalated to an ombudsman for a 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 issued a provisional decision on this complaint on 7 June 2023 as follows:

Lantern have accepted the view of our investigator that they should amend the date of default on Miss L's credit file to match the date that she entered into her IVA. So, it's disappointing that Lantern haven't acted to amend Miss L's credit file in this manner, following their agreement to do so.

It can take several weeks after a business such as Lantern has submitted a request to the credit reference agencies – who administer credit files – for the requested update to be processed by the credit reference agencies and for the change to then show on a person's credit file. But Lantern first agreed to update Miss L's credit file in January 2023 – approximately five and a half months ago – and Miss L's credit file still hasn't been updated.

This doesn't feel fair to me, and I'm in agreement with our investigator that Lantern should make a further payment of £150 to Miss L – in addition to the £100 they paid in January – as compensation for the ongoing upset and inconvenience Miss L has incurred here. And this is especially the case given that had Lantern updated the date of default as they should have done the default in question would now no longer be showing on Miss L's credit file, given that the six-year reporting period from January 2017 expired in January 2023.

Accordingly, I'm satisfied that Miss L is incurring an ongoing detriment as a result of Lantern's failure to act as they've agreed to here.

And so, in addition to instructing the £150 further compensation payment as recommended by our investigator in their second view – and which it's my understanding Lantern haven't yet paid to Miss L – my provisional instructions here will also include that Lantern must take the necessary steps to amend the credit file reporting for Miss L.

Furthermore, if Lantern can't demonstrate by 30 June 2023 that they've contacted any credit reference agencies that report the date of default incorrectly and requested the change of default date with them, Lantern must make a further payment of £100 to Miss L – and must make ongoing further payments of £100 a month to Miss L for each month they continue to be unable to demonstrate that they've requested the default date amendment as they agreed to do back in January.

It's regrettable that this complaint has reached this stage, especially as Lantern have agreed to take the action that would resolve it. So I hope that Lantern will appreciate why I've issued the provisional instructions that I have here – which I issue with the intention that they will incentivise Lantern to take the action required of them to resolve the ongoing detriment that Miss L is incurring, and to which they've already agreed, as a matter of urgency.

Lantern responded to my provisional decision and provided an email dated 5 June 2023 from the credit reference agency that hadn't yet updated Miss L's credit file which I'm satisfied confirms that Lantern have requested that Miss L's default date be amended and that the credit reference agency has corrected its reporting of the default date at Lantern's request.

As such, I'm satisfied that Lantern have met the conditional clause I included in my provisional decision – that they must make payments to Miss L of £100 per month for every month moving forwards that Lantern can't evidence that they've requested the default date to be amended with the credit reference agencies – such that the clause no longer applies.

However, it remains my position that Lantern must pay a further £150 to Miss L – in addition to the £100 they previously paid – as compensation for the ongoing trouble and upset Miss L

has incurred here. And so, my final decision will be that I uphold this complaint in Miss L's favour on that basis.

As explained in my provisional decision letter, it can take several weeks for amendments on a credit file to show on the public reporting of that credit file. As such, given that it seems that Miss L's credit file may have been amended relatively recently, around 5 June 2023, I ask that she keep this fact in mind when checking her credit file over the next few months. Should Miss L still be unhappy with her credit file reporting after eight weeks, she may need to take this matter up with the credit reference agency in question directly.

Putting things right

Lantern must make a further payment of £150 to Miss L, if they haven't already done so.

My final decision

My final decision is that I uphold this complaint against Lantern Debt Recovery Services Ltd on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 11 July 2023.

Paul Cooper
Ombudsman