

The complaint

Miss B complains that Lantern Debt Recovery Services Ltd trading as Lantern (Lantern) are pursuing her for debts brought about by irresponsible lending.

What happened

Miss B had multiple short-term loans from three businesses that for the purpose of this decision I'll call OL1, OL2 and OL3. OL1, OL2 and OL3 sold Ms B's accounts on to Lantern. In turn Lantern contacted Miss B to arrange collection on the accounts.

In May 2022, Miss B raised a complaint with Lantern as she felt that the loans were lent to her irresponsibly and so she thought they should be written off, and no longer reported on her credit file as they were affecting her credit score.

Lantern responded later the same month, giving Miss B a breakdown of her accounts and explaining to her that any disputes about OL3 would have been resolved before the account was passed over. It did go on to say if there was something still ongoing Miss B could provide evidence to Lantern for them to investigate further.

Miss B responded to Lantern explaining she:

- believed her OL1 account was statute barred
- had raised a separate complaint with OL2 about irresponsible lending, and that was ongoing
- had raised a complaint with OL3 about irresponsible lending, but it had never responded

After this correspondence Lantern told Miss B that it was considering writing off her OL1 account. It also told her the time for raising a dispute with OL3 had passed. But added in error that it would arrange for her dispute to be passed on.

Miss B chased Lantern for an update in September 2022 and again in December 2022, when it logged her complaint and issued its final response letter to her saying, in summary it:

- had waived the balance on the account relating to OL1.
- Placed a hold on the OL2 account, pending the outcome of the irresponsible lending dispute with them
- shouldn't have told her it would raise a dispute on her behalf with OL3 as they had gone into administration in November 2019 and the deadline for claims against this business passed in March 2021. Meaning she could not bring an irresponsible lending complaint about this account with OL3, and the balance remained outstanding.
- Apologised and offered her £75 compensation for the delay in keeping her updated and for the confusion about the OL3 account.

Miss B remained unhappy with Lantern's actions and so brought her complaint to this service. Our investigator didn't think this was a complaint that should be upheld. In summary he said:

- Lantern wasn't responsible for the lending decision OL3 made and so couldn't be held accountable for it.
- Lantern had dealt with the OL2 account as he would have expected and placed a hold on it pending the outcome of the irresponsible lending complaint.
- The £75 offer of compensation for delays and confusion was in line with our approach.

Miss B disagreed, she feels it's unfair that she has no recourse for OL3 actions, which she perceives to be irresponsible. She feels that when Lantern wrote to her telling her it had taken over the account and saying her legal rights hadn't changed, she took this to mean Lantern had taken over all responsibilities associated with the account, including those of the sale of the loan.

She said as OL1 had now been waived and OL2 was being dealt with separately these accounts were no longer in dispute in relation to this complaint. The matter has now 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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me. Having done so, I have to tell Miss B that I have reached the same outcome as the investigator and for broadly the same reasons. I'll explain, but in doing so I'll keep my comments to what I think is relevant. If I don't comment on a specific point, it's not because I haven't considered it but because I don't think I need to comment on it in order to reach the right outcome.

As OL1 and OL2 are no longer in dispute in relation to this complaint I have focussed on OL3 and the compensation offered by Lantern.

Miss B took out the loan with OL3 in March 2019. OL3 was placed into administration on 29 November 2019 and the administrators set a deadline for claims against the company of 31 March 2021. In January 2022 Miss B's account was sold to Lantern and although her legal rights weren't affected Lantern did not become responsible for OL3's actions at the point of sale for the loan. Lantern wrote to Miss B, via email in January 2022 letting her know it was now the owner of the account.

When Miss B contacted Lantern about this debt in May 2022 and as I've noted above when Lantern purchased the account it didn't become responsible for the sale of the loan, so this needed to be directed to OL3. But as the deadline for claims against OL3 had already passed Miss B was already out of time for making an irresponsible lending claim against them and so has missed the opportunity of potentially getting either a partial or full refund against the account.

I appreciate that Miss B has said she did make a complaint on OL3's portal but never received a response. And while that may be the case and she may have made a claim in

time, the lack of response isn't the fault of Lantern and so I can't fairly say they did anything wrong in regard to this.

I do however understand the frustration Miss B must have felt at being told by Lantern it would get her dispute dealt with, only to find out much later that it had told her this in error. I've considered this and thought about the impact of the misinformation, and while it was misleading, I don't think it has disadvantaged Miss B. I say this because at the time of Lantern giving Miss B this information the deadline to claim against OL3 had already passed many months before, and so there was no detriment to her here. Even if Lantern hadn't told her, it would get her dispute dealt with, she would still be in the same position as she is now.

Overall, I'm satisfied that the £75 offered by Lantern for the delays and the confusion around the OL3 dispute is fair, reasonable and in line with what I'd expect, so it follows I won't be asking Lantern to do anything differently here.

I know this isn't the outcome Miss B hoped for. But my decision ends what we – in trying to resolve her dispute with Lantern– can do for her.

Putting things right

Lantern should now pay Miss B the £75 offered in its final response letter.

My final decision

For the reason's set out above, my final decision is that I uphold this complaint. I now require Lantern Debt Recovery Services Ltd trading as Lantern to carry out the actions as set out under the "Putting things right" section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 August 2023.

Amber Mortimer
Ombudsman