

The complaint

Mr Y complains about contact from Lantern Debt Recovery Services Ltd (Lantern) in relation to someone else's debt.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

In February 2023 Mr Y received a letter from Lantern that indicated he owed £176.50 in relation to a debt it had recently purchased. Mr Y has explained he didn't recognise the debt so contacted Lantern. It later came to light that a mistrace via a credit reference agency had led to Mr Y being contacted by Lantern in relation to someone else's debt.

Mr Y complained and Lantern issued a final response on 14 April 2023. Lantern apologised for contacting Mr Y about someone else's debt and gave additional background information about credit reference agencies. Lantern added that it had removed Mr Y's address from the account so no further contact would be made.

Mr Y has explained Lantern later wrote to him at a previous address and his current address, despite promising to stop future correspondence. Mr Y complained to Lantern and it issued another final response on 25 July 2023. Lantern explained that whilst it had removed Mr Y's details, another tracing exercise by a credit reference agency completed on 5 July 2023 had found his details. Lantern explained it had again removed Mr Y's details from the account and that no further contact relating to its customer would be made.

Lantern's final response added that Mr Y's address is linked to the debt and borrower via the credit reference agencies so there is potential for future mistraces to be made. Lantern advised Mr Y to contact the credit reference agencies and ask them to remove any links between Mr Y and its customer. Lantern also offered Mr Y £50 for the distress and inconvenience caused.

Mr Y referred his case to this service and it was passed to an investigator. They thought Lantern had made a fair offer to resolve Mr Y's complaint and didn't ask it to do anything else. Mr Y asked to appeal and said he didn't agree the level of compensation offered was a fair reflection of the distress and inconvenience caused by Lantern's contact. As Mr Y asked to appeal, his complaint has been passed to me to make a decision.

What I've provisionally 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if

I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

All parties broadly agree about the timeline for Mr Y's complaint. Mr Y says that despite raising the issue with Lantern in February 2023, it went on to contact him about the same debt again despite knowing he wasn't the borrower. And Mr Y has pointed out that he has spent a significant amount of time liaising with Lantern and trying to resolve the matter. Mr Y says that £50 doesn't fairly reflect his experiences and the contact he's received from Lantern. I agree with Mr Y.

Whilst I understand the initial contact came about due to a mistrace via a credit reference agency, once Lantern investigated and confirmed Mr Y wasn't the customer, it was aware the debt belongs to someone else. Despite knowing Mr Y wasn't the customer, Lantern still sent collections correspondence to two addresses associated with him. In my view, Lantern was aware Mr Y wasn't its customer so should've had controls in place to ensure no further contact was made (in line with its assurances in the 14 April 2023 final response). But, despite confirming Mr Y wasn't the borrower earlier in the year, Lantern continued to contact him about the outstanding balance.

I'm satisfied Mr Y was put to a reasonable level of inconvenience requiring him to contact Lantern on various occasions. And it's clear Mr Y has been particularly distressed by the contact from Lantern over several months and has told us about concerns of identity fraud. It's clear Mr Y is concerned that Lantern will continue to pursue him, despite its most recent assurances. I'm satisfied that £50 doesn't fairly reflect the level of distress and inconvenience caused to Mr Y.

Based on the information I've seen so far, I intend to uphold Mr Y's complaint and increase the settlement from £50 to £150. In my view, that more reasonably reflects the impact of Mr Y's experience with Lantern on him and is a fairer way to resolve his complaint.

I invited both parties to respond with any additional comments or points they wanted me to consider before I made my final decision. Neither party sent in new information or comments.

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.

As neither party has provided new information for me to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr Y's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr Y's complaint and direct Lantern Debt Recovery Services Ltd to settle by paying him a total of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 19 October 2023.

Marco Manente
Ombudsman