

The complaint

Mr T complains that Lantern Debt Recovery Services Ltd (Lantern) haven't investigated his complaint about irresponsible lending of a loan and harassment to repay it, from the original lender.

What happened

Mr T held a loan with a lender, which I'll refer to as Company A, that defaulted in 2019. Lantern became the legal owner of this debt in October 2023, and Mr T informed it that he had an ongoing claim against Company A for irresponsible lending and harassment.

Lantern explained to Mr T that Company A were no longer trading, and as the claims process had been completed, he would still need to get in touch with Lantern to discuss repayment of the remaining balance.

Where Lantern have referred to the claims process, it means a process for anyone to make claims against Company A about issues they wanted to raise. I've not been able to find much detail about this, but I know other lenders' claim schemes allowed their former customers to raise irresponsible lending claims – so I think it's likely this is what Lantern are referring to.

Mr T complained to Lantern that, as the new legal owner of the debt, it did not investigate his claims about the loan being lent to him irresponsibly, or the harassment he experienced from Company A.

In its final response, Lantern explained it couldn't investigate complaints about Company A and provided Mr T with the details of the administrators to refer his complaint to.

Unhappy with Lantern's response, Mr T referred his complaint to this service. Our Investigator reviewed matters and concluded that Lantern isn't responsible for the actions of Company A.

Mr T didn't agree. He said:

- Lantern is the legal owner of the debt and with that comes the same rights and responsibilities as Company A.
- Lantern should've conducted due diligence prior to purchasing the account and had it done so, it would've known the account was in dispute.
- Lantern's welcome email confirms it is the contact for any queries relating to this alleged debt, not Company A.
- By not holding Lantern responsible for the actions of Company A, this service is endorsing a situation where an original creditor can irresponsibly lend, harass the alleged debtor, then sell the alleged debt on without fear of any comeback.
- Someone needs to be held accountable for the conduct of original creditors and as the legal owner of the debt, he believes that liability lies with Lantern.

As no agreement has been reached, the matter has 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.

A debt purchaser doesn't usually take on the responsibility for complaints about the original lender following the sale of a debt. Generally, all a debt purchaser takes on is the right to ask for repayments towards the debt – it wouldn't take on the liabilities for existing claims such as an irresponsible lending complaint. And, in Mr T's case, I've seen no reason as to why this would be different against Lantern.

Mr T hasn't provided any evidence as to why he thinks Lantern can be held responsible for Company A's actions. So, in the absence of that, Lantern is not responsible for investigating the actions of Company A, that took place prior to becoming the legal owner of the debt in October 2023. This includes the lending decisions made by Company A when the loan was taken out, or the manner in which it chased Mr T for repayment.

So, I can only decide here if Lantern acted fairly and in line with industry rules and guidance in its capacity as the debt purchaser.

The only activity Lantern is responsible for here is the collection of the outstanding debt, of which it is required to be satisfied it has enough information to support the debt is likely to belong to the person it's contacting. Based on what both parties have said, I'm satisfied it did. Mr T has not disputed the debt belonged to him. So, I'm satisfied Lantern acted fairly in asking Mr T to repay the balance.

When Mr T notified Lantern of his complaint about the loan being lent to him irresponsibly, Lantern explained Company A were no longer trading and the claims process had been completed. It provided Mr T with the contact details of the administrators to refer to about his claim, which is all I'd expect it to do in a situation like this.

Mr T has said that Lantern shouldn't have purchased the debt when the account was in dispute. I haven't seen any evidence to support an ongoing dispute at the time the account was sold to Lantern. But given Company A went into administration in 2019, it seems, on balance, more likely than not that Mr T would've had the opportunity to raise his claim with the administrators and the account was sold to Lantern once this process had been completed.

In any event, the decision to sell and purchase debt is a commercial one, so I can't say Lantern did anything wrong on this point.

It's unfortunate here that the original lender of the debt Mr T disputes is no longer trading, so he can't refer his complaint about its actions to this service. But this doesn't mean I can hold Lantern accountable for the actions of Company A.

Therefore, I can't say Lantern has acted unfairly by not investigating Mr T's complaint about Company A.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or

reject my decision before 24 April 2024.

Nicola Bastin
Ombudsman