

The complaint

Mr U complains Lantern Debt Recovery Services Ltd trading as Lantern, have reported incorrect information, which has impacted his credit file.

What happened

Mr U entered a Debt Relief Order (DRO) in March 2021. Included in this DRO were several debts, including a debt Mr U held with a lender I'll refer to as Company A.

In January 2022 Lantern wrote to Mr U, explaining the debt he held with Company A had been sold to them, and as such, he'd need to arrange to make repayments to Lantern going forward.

In March 2022, Mr U was discharged from his DRO. It appears he shared this information with Lantern in September 2022. Typically, when someone is discharged from a DRO the debt would usually be marked as settled or partially settled. Meaning no further payments are due towards the debt.

However, in February 2023 Lantern contacted Mr U again about the debt he'd held with Company A. So he called Lantern in May 2023 and was asked to send the completion documents again.

Unhappy Lantern continued to report the debt with Company A as being owed, Mr U complained. Lantern issued their final response letter in October 2023. They agreed Mr U had been asked to provide his DRO completion documents for a second time, and that shouldn't have happened. They offered £100 as an apology and confirmed his account with Lantern would be closed, and Credit Reference Agencies updated.

Mr U didn't accept this and contacted our service. He said his credit file had been badly affected for over a year because Lantern continued to report the debt with Company A as being owed. He said the debt should have been removed from his credit report, and as it hadn't, he'd been unable to apply for any credit. He also said Lantern had repeatedly asked him for documents he'd already provided.

An Investigator here looked into things but considered Lantern had now fairly resolved matters. He agreed Lantern had made an error but explained while Mr U had been subject to a DRO the entry should remain on his file, but reflect that Mr U wasn't being pursued for it. As such he considered £100 was fair compensation in the circumstances.

Mr U didn't agree, he said Lantern had repeatedly asked him for information he'd already provided them. He didn't consider £100 fairly reflected the damage this had done to his mental health or his credit file.

Our Investigator considered what Mr U had said but explained it didn't change his opinion. While Lantern hadn't updated the information as quickly as they should have, he didn't think it likely this would have impacted any credit applications. And although Mr U did have to re-send the information, he didn't consider this to be excessive.

Mr U didn't agree. With no resolution, the complaint was passed to me to decide. I issued a provisional decision, explaining what I considered the outcome of this complaint should be. I said:

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.

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

Firstly, I think it would be helpful to explain that Lantern were sold Mr U's debt with Company A in January 2022. At this point they wouldn't have been aware of Mr U's DRO, or that this debt was included. The first evidence I've seen that Lantern were aware of Mr U's DRO was in September 2022, when he emailed them with the completion documents. As such, I don't think Lantern did anything wrong in writing to Mr U before this.

Lantern then wrote to Mr U about this debt again in February 2023, which I can appreciate would have been frustrating, especially after he'd already provided the necessary information some months earlier.

Mr U says he had to contact Lantern repeatedly to fix this issue, however from the evidence I've seen, the next time Mr U contacted Lantern about this wasn't until May 2023. At this point I understand he was asked for a second time to provide the completion documents – which he did.

Mr U later complained to Lantern, as they were still reporting this debt incorrectly. It took until October 2023 to correct this error. While I agree this would have caused Mr U some inconvenience, the amount of compensation Lantern have already offered seems to be reasonable for this aspect of his complaint.

Turning now to the impact Mr U says this had on his credit file. I agree with what our Investigator has said, Company A's debt would always have been on Mr U's credit file. It should however have reflected that he wasn't being pursued for it.

Mr U has raised concerns about how the error has affected his credit file. He's not provided any more detail, or said whether he's actually applied for credit, so I've considered his comments more generally. Having done so, as Mr U entered a DRO, made up of several debts, I'd expect there to have been a significant number of defaults showing on his credit file. And the impact of a DRO, combined with the other debts, would make it difficult to say one specific debt outstanding for longer than it should have, would be the sole reason for lending to be declined.

In addition, to hold Lantern responsible, I'd need to see evidence this was the sole reason lending wasn't given, as there are many reasons a lender may choose not to lend to a customer.

I'm sorry to hear of the impact this issue has had on Mr U's mental health – I can appreciate it must have been a very difficult time for him. And I want to reassure Mr U I've taken that into account here.

While I understand Mr U considers he should get more compensation, I'm required to consider each complaint individually and on its own merits. Overall, as explained, I've seen nothing to say the error would have been the sole reason Mr U may have been unable to

obtain credit. And while I've considered the impact on Mr U, I've also not seen evidence of enough contact to justify increasing the award above £100.

With that in mind I'm satisfied that £100 is in line with the level of distress and inconvenience Mr U has suffered and within our award ranges for situations like this. It's unclear if this amount has been paid by Lantern. Both parties can confirm when replying to this provisional decision whether it has or hasn't been paid.

Responses to my provisional decision

Lantern responded to my provisional decision and said the amount of £100 compensation was paid to Mr U on 17 October 2023. They didn't comment on anything else I'd said.

Mr U hasn't responded. Given the date I asked for a response has now passed, I've gone ahead and finalised my thoughts.

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 Mr U or Lantern have provided any further evidence, I remain of the same opinion. That is, while Mr U had to contact Lantern on more than one occasion to fix this issue, there's nothing to suggest from evidence both parties provided, this was an excessive amount. And as explained, I've also seen nothing to show the impact Mr U says this had on his credit file could solely be attributed to Lantern.

As such, I consider £100 compensation is a fair way to resolve matters.

My final decision

My decision is Lantern Debt Recovery Services Ltd trading as Lantern should pay £100, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 24 April 2024.

Victoria Cheyne
Ombudsman