DRN-5697548

The complaint

Mr J complains that Lantern Debt Recovery Services Limited trading as Lantern (Lantern) have failed to prove the debt they are pursuing him for is enforceable.

What happened

Mr J's complaint centres around a credit card account that was taken out in 2021, with a business I'll refer to as N. The account fell into arrears and was defaulted by N in September 2022. Shortly after this N sold the account to Lantern, a joint Notice of Assignment (NOA) was sent to Mr J at the time.

In February 2025, Mr J wrote to Lantern asking them to validate the debt, to do this he required them to provide him with the following documents or evidence:

- Proof of assignment
- A copy of the original credit agreement
- A full statement of the account
- Proof of liability – including a signed copy of the agreement
- Confirmation of the start date for the limitation period – in which the debt would be statute barred

Across various back and forth communication between the parties Lantern provided:

- A copy of the NOA
- The original credit agreement – which was taken out online so had a tick and an IP address in place of a wet signature
- A full statement of the account.
- Confirmation the account was defaulted by N on 16 September 2022 and that this is the date the limitation period began.

Mr J didn't feel that Lantern had proven the debt to be enforceable or that he was liable for it and so raised a complaint with them. He told them a NOA wasn't sufficient to prove assignment of the debt and that they should provide a copy of the Deed of Assignment (DOA). He also didn't think the credit agreement was valid as it didn't contain his signature. He said the tick and IP address weren't enough to show he was liable for the account. Lantern didn't uphold his complaint, so Mr J brought it to our service to be considered, in addition to the debt not being proven Mr J didn't feel that Lantern had dealt with his concerns properly.

Our investigator didn't think that Lantern had done anything wrong. In summary she said the information Lantern had provided was in line with what's expected and was sufficient for

them to rely on to pursue the debt. They also said they didn't think Lantern had acted unfairly when dealing with Mr J's concerns. Mr J disagreed. He argued:

- the credit agreement isn't valid as he doesn't feel it includes information it should, namely: The credit limit (or how it is determined), the rate of interest, the repayment terms.

- the credit agreement wasn't executed as it doesn't contain his signature

- Lantern have failed to adequately investigate the account as potentially being opened fraudulently

- Lantern haven't met their obligation to treat him fairly as set out in the Financial Conduct Authority's (FCA) Principles PRIN 2.1.1.

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. If I've not reflected something that's been said in this decision, it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

Deed of Assignment

I'm aware there are some court cases that consumers have pointed towards that have said a consumer is entitled to see the DOA – and there are other court cases which businesses point to that say a consumer isn't entitled to see the DOA.

I appreciate that Mr J believes he is legally entitled to the DOA – but if this were the case I would have expected all cases to have reached the same conclusions – which doesn't seem to have happened.

I'd also have expected debt purchasers such as Lantern to have sought legal advice on this matter as it's something that comes up regularly, and it seems to me debt purchasers wouldn't continue to deny their customers access to this document if the law said they were required to provide it in every case.

In addition, the FCA sets out what's expected of financial businesses in the Consumer Credit Sourcebook (CONC) rules. CONC 6.5.2 says:

> (1) Where rights of a lender under a regulated credit agreement are assigned to a firm, that firm must arrange for notice of the assignment to be given to the customer:
>
> > (a) as soon as reasonably possible; or
> >
> > (b) if, after the assignment, the arrangements for servicing the credit under he agreement do not change as far as the customer is concerned, on or before the first occasion they do.

[Note: section 82A of CCA]

(2) Paragraph (1) does not apply to an agreement secured on land.

(3) A firm may assign the rights of a lender under a regulated credit agreement to a third party only if:

(a) the third party is a firm; or

(b) where the third party does not require authorisation, the firm has an agreement with the third party which requires the third party to arrange for a notice of assignment in accordance with (1).

If legally debt purchasers had to provide the DOA to their customers, then I'd expect the FCA to have reflected that in their guidance – but they don't. Instead, as can be seen above, they say a NOA is sufficient to say the debt has been transferred from one party to another.

Given all of this, I'm satisfied Mr J's request for the DOA isn't one Lantern are required to fulfil.

Lantern provided Mr J with the NOA. This is a standard document when a debt is sold from one owner to another. There isn't anything obviously wrong with the NOA, and it contains all of the usual information I'd expect. So, in the circumstances, I don't think there's any reason not to rely on it as evidence of the assignment of the debt from N to Lantern.

Credit Agreement

In summary Mr J has argued the credit agreement isn't valid because the tick and IP address are not a suitable replacement for a signature. And it doesn't contain the right information as required by section 61 of the Consumer Credit Act 1974 (CCA). I don't agree with Mr J on this point, I'll explain why.

The credit card account was taken out online using an electronic signature, this is common practice within the industry and widely accepted as being sufficient to say a credit agreement has been executed. So, for the purposes of this complaint, I'm satisfied it is enough for Lantern to rely on in their pursuit of the debt. If, Mr J feels the original lender didn't complete enough verification checks at the application stage of the account this would be something he would need to raise with them as this wouldn't be something Lantern were responsible for.

In terms of the content of the credit agreement, Mr J has questioned whether it meets the requirements of S.60 (1) CCA 1974. He has said if it doesn't then the agreement isn't enforceable. He has specifically asked me to consider if the agreement contains the following:

- The credit limit or how it is determined
- The rate of interest
- The repayment terms

I have looked at the credit agreement provided by N at the time of the account opening and have seen nothing concerning or irregular about it. However, my role here is to determine if Lantern are acting fairly in pursuing Mr J for payment of the debt they have purchased from N. It isn't to determine the enforceability of the underlying credit agreement. And even if I

wanted to, this isn't something I am able to do, as only the court can make a decision about the enforceability of a debt. As such I don't think it would be useful for me to make any further comment on the content of the document itself.

Failure to investigate potential fraud

Lantern, weren't responsible for the account opening, that was N. As such the amount they could do to integrate the application process is limited, having said that I can see they reached out to the original lender and made reference to this their final response letter. Where they explained N had said at the time of the application the process N used was considered industry standard and was compliant with applicable regulations. As I have noted above, if Mr J remains unhappy with the identity verification process, he would need to raise this with N as they're the party responsible for the account opening process.

I can't see that Mr J has ever explicitly raised fraud with Lantern, but even if he had, the same would apply, in that it would be for N to investigate any allegation of fraud at the account opening stage. Because of this I'm satisfied that Lantern have done what they needed to when dealing with Mr J's concerns about the verification of his identity.

Bringing everything together, Mr J has made many arguments in the interest of not accepting the debt as being his. He has said, the assignment of the debt hasn't been proven, the credit agreement isn't enforceable, his identity may not have been verified at the start of the debt, the debt might be statute barred and lastly, the account could potentially have been opened fraudulently. But I have seen nothing of weight in any of those arguments and am satisfied that Lantern have acted fairly when dealing with Mr J's account and in their pursuit of him for payment of the debt. As such I won't be asking them to do anything differently here.

I realise this isn't the outcome Mr J was hoping for but my decision ends what we – in trying to resolve his dispute with Lantern – can do for him.

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 J to accept or reject my decision before 17 December 2025.

Amber Mortimer
Ombudsman