

The complaint

Mr O complains Lantern Debt Recovery Services Limited trading as Lantern unfairly applied a default to his credit report regarding a debt he has with them.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

Mr O had a loan with a company I'll refer to as S. Mr O complained S had irresponsibly lent to him, and complained they'd applied a default when he was in a payment plan with them. Mr O says while these complaints were ongoing S sold his account to Lantern. I understand the sale took place on 8 March 2024.

Mr O says he had an ongoing investigation with our service, which he never received a final decision on. But, the default was removed and he assumed the amount had been cancelled. So, he was surprised to hear from Lantern had applied a default on his credit report and doesn't think they should have. Mr O asked for the default to be removed and the balance cleared.

Lantern said the information they had showed the account had been taken out on 27 April 2024 (this was incorrect – it was 27 April 2022). Lantern said S issued a Notice of Default on 22 October 2022, and because the account wasn't brought up to date it entered a default state on 21 November 2022. Lantern added their Notice of Assignment (NOA) told Mr O any entry on his credit report will be marked as sold / transferred or deleted and they'll now continue to report it in their name. Lantern added while S (they referred to a different company here, but meant S) made a decision not to report a default, they're obligated to report a true reflection of Mr O's credit history. Overall, Lantern didn't think they'd done anything wrong.

Unhappy with this, and pointing out Lantern's errors, Mr O asked us to look into things.

One of our Investigators did so, and found Lantern were fairly reporting the default.

Mr O didn't accept this. In summary he said:

- *The previous investigation into S by our service was never finalised by an Ombudsman, so we've never definitely concluded the default was fairly applied*
- *Reporting the default when we never finalised our investigation into S goes against General Data Protection Regulation Article 5(1)(d)*
- *Lantern have failed to be transparent by saying in their NOA "The entry showing on your credit report will be marked as 'sold/transferred' or deleted and we will now continue to report this in our name". Mr O says this is misleading because at the time the default had been removed*
- *Lantern made an error in the date they reported the default initially, and just because they've updated it that doesn't negate the impact of the error – Mr O refers to Lantern's errors in their complaint response*

- *Lantern were aware of the dispute with our service so it's unfair for them to have reported and continued to report the default*

Overall, Mr O felt the default should be removed and the outstanding balance of £607.08 should be cleared. Because Mr O didn't accept our Investigator's outcome, the complaint's been passed to me to decide.

Although I can see Mr O has concerns regarding the initial date of default Lantern recorded – saying they said the default was dated 21 November 2024 (instead of 21 November 2022) – this isn't a complaint he's made to them. Our service can only consider complaints if the issue has first been raised to the financial business. Because of that, I don't intend to comment on this issue further. If Mr O wants to raise this point, he can complain to Lantern and then, if he remains unhappy, he could ask our service to look into things.

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 think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said 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.

I also wanted to explain that, although I can see Lantern have made some errors, I don't think that automatically means they've made an error in the reporting of the default. I need to look at this issue critically to decide whether I think they've treated Mr O fairly.

A significant part of Mr O's concerns relate to the case our service was considering against S. Mr O says he asked for an Ombudsman to look into that case, so it wasn't definitively finalised.

I have reviewed that case, and our Investigator's found the default had been applied fairly. They also found the loan hadn't been irresponsibly lent. Our last response to Mr O on that case was 27 July 2023 at 8.30am. In that, we ended the email by saying:

Please provide your full response to our assessments of your complaint as soon as possible and no later than 21 August 2023. If we don't hear from you by this date then we may not be able to look into the complaint any further.

We have no record of any reply from Mr O – which is why his case was never progressed to an Ombudsman and closed on 29 August 2023. I understand Mr O says he did reply, but for reasons I'll go on to explain, I don't think it makes a difference whether Mr O's case against S was decided by an Investigator or an Ombudsman at our service.

The key reason for that is because debt purchasers such as Lantern are entitled to rely on the information they're provided by the original lender – unless that information is disputed.

Lantern purchased the account in March 2024. When purchasing the account S told Lantern the account was defaulted – and gave the default date of 21 November 2022.

So, at face value, I can't say Lantern have done anything wrong. Lantern are correct in saying they'll take over the reporting of a default once they've purchased an account.

Mr O has said Lantern's reporting of the default goes against GDPR article 5(1)(d). This says:

Personal data shall be:

- (d) accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay ('accuracy');

Mr O says this because of what he said was an outstanding dispute with our service. As I've set out above, our service closed our case against S in August 2023, and Lantern didn't buy the account until March 2024. So, there wasn't an outstanding dispute at that time. But, regardless, I'd expect the default to continue to be reported unless it'd been proven it shouldn't be.

The information Lantern received from S showed a default had been reported, and in line with the standard processes I'd expect them to continue to report it. So, I'm satisfied they are accurately reporting a default and haven't breached the GDPR regulation Mr O has referred to.

Mr O has said the default had been removed by the time Lantern purchased the account and because of that the NOA wasn't transparent. Based on his credit report provided in May 2025 I can only assume Mr O is referring to S having marked the default as 'satisfied' when he says the default was removed. This is a standard approach when the original lender sells the default – they'll mark the default as satisfied – meaning satisfied from their perspective because they've sold the debt. It doesn't mean Lantern are wrong to report the default as long as it's clear it relates to the same account. The information from S and Lantern about the accounts do match so I'm satisfied it is clear and that Lantern didn't mislead Mr O in the NOA. And, in any event, Lantern are correct to report the default, even if it was removed, as they received that information from S and I've not seen anything to say it shouldn't legitimately apply.

I've noted Mr O's comments about the actions he thinks Lantern should have taken when he told them the default was the subject to a dispute. Lantern's records don't show Mr O replied to this to give them the details of the complaint with us. But, even if Mr O had told them, the case had been closed for around seven months at that point anyway. So, there wasn't an active dispute for Lantern to have taken account of with our service.

From everything I've seen I can't fairly say the default shouldn't be applied. And although I understand Mr O wanted the balance written off, I can't see any reason it'd be fair to require Lantern to do this.

Response to my provisional decision

Lantern replied to accept my provisional decision.

Mr O said:

- He's got evidence he did reply within the deadline and received an automatic reply with no auto-forward – due to the stress he was under he missed it, and would be considered a vulnerable customer
- He understands I'd ask why he didn't follow this up – and says the reason is because the default was removed shortly after his email. He says I've talked about it being marked as satisfied when the account was sold to Lantern in 2024, but the default

was removed from his view in late 2023 – because of this, there was no reason to chase a bounced email

- He refers back to Lantern’s errors in the date they reported the default, and the reference to another business in error – saying they can’t satisfy the burden of proof to record a default given these issues
- The NOA said they’d continue to report the default even though it wasn’t visible to him at the time which was misleading

Overall, Mr O said it’d be unfair to penalise a vulnerable customer because of our system’s failure. He asks I order Lantern to delete the default immediately.

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’ll address Mr O’s points in order.

While I understand Mr O’s concerns about our system seemingly rejecting an email he sent us – I don’t think that changes anything. I set out in the provisional decision I was assessing Lantern’s actions. I mentioned in the provisional decision S had told Lantern they’d defaulted the account on 21 November 2022. So, I think it was reasonable for Lantern to continue to report this.

I understand Mr O says the default was removed. The only party who could have done this would have been S. If that did happen, and I’ve no independent verification of this to rely on – then that would have been S’ decision to do so. Why they’d have done that I don’t know. But, again, I come back to this complaint is about Lantern’s actions – and they were told by S they’d recorded a default – so it’s right for Lantern to then report it.

I don’t dispute Lantern have made some errors in their communication – but, as I set out in my provisional decision, I don’t think that automatically means they didn’t correctly report a default.

In respect of the NOA, I can understand Mr O’s frustrations. But, I’m afraid, it comes back again to what Lantern were told by S. The information I have shows Lantern were told S had reported a default. Lantern were entitled to rely on this information, so said in the NOA they’d continue to report it.

I am sorry to hear of the life events which led Mr O to class himself as a vulnerable customer under the financial regulator’s guidance. I don’t dispute Mr O may have been a vulnerable customer at the time and might still be now. But, despite that, I have to objectively decide if I think Lantern have treated him unfairly taking into account all of his circumstances. And, based on everything I’ve seen, I don’t think Lantern have treated Mr O unfairly. Because of that, I won’t be telling them to remove the default.

My final decision

For the reasons I’ve set out above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr O to accept or reject my decision before 8 January 2026.

Jon Pearce

Ombudsman