

The complaint

Miss M complains Lantern Debt Recovery Services Limited have treated her unfairly when she's contacted them regarding a debt.

What happened

As I understand it, Lantern bought two accounts in Miss M's name – one for a company I'll refer to as M, and another I'll refer to as S.

This complaint only concerns the account with S.

Miss M says when Lantern purchased the account from S, she had an irresponsible lending complaint in with S but never received an outcome despite multiple chasers. Miss M says when she complained to Lantern, they told her S had gone into administration. She adds she told Lantern she was in financial difficulty and asked for help, but Lantern refused and just kept referring back to the irresponsible lending complaint with S. Miss M says Lantern wouldn't initially log a complaint for her, and when they eventually did, they just sent her undated letters from S and didn't address her actual concerns – unfair treatment when she asked for help and kept referring to the irresponsible lending claim.

Lantern said they're not responsible for actions of S before they purchased the account, and as S had issued their final response letter on the complaint Miss M raised, she had six months to refer the matter to our service.

Lantern added in a separate response they'd forwarded Miss M's irresponsible lending complaint to S, who said they'd already issued a response – which they then passed on. Lantern added they didn't agree they'd failed to help Miss M, saying they'd explained to her they're not responsible for the actions of S, they weren't present at the time and couldn't investigate any affordability concerns. Lantern added S had now entered administration, so they couldn't speak to them further – but they were happy to create a fair arrangement for Miss M to pay back the outstanding balance. Overall, they didn't think they'd done anything wrong.

Unhappy with this, Miss M asked us to look into things.

One of our Investigators did so but didn't uphold Miss M's complaint.

Miss M didn't accept this – referring to a number of the financial regulator the Financial Conduct Authority's (FCA) rules including the Consumer Credit Sourcebook (CONC), Dispute Resolution rules (DISP) and FCA Principles:

- CONC 7.14 and 7.3 require firms collecting debts to treat customers fairly
- DISP 2.7.6R says when a firm takes over the rights and obligations of another, it also assumes responsibility for complaint handling where relevant
- Principle 6 requires customers are given fair consideration, particularly where an administrative failure by the previous lender has created a disadvantage for the customer

- Principle 8 requires firms to manage relationships with customers responsibly, especially when taking on obligations from another firm
- She never received the outcome from S, and Lantern relying on this contracts CONC 7.9 which talks about clear and effective communication
- Lantern refused to log a complaint in breach of DISP 1.3.1
- Consumers can't be penalised for a lender's failure to respond – and Lantern are unfairly using that failure to deny her rights

Overall, Miss M said she only wanted what the FCA requires – which is a fair and reasonable investigation of her affordability concerns, taking into account the responsibilities transferred with the debt.

Because Miss M didn't agree, the complaint's 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 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.

The actions of S

Miss M says she never received the outcome of S, and because Lantern purchased the account they also took on the responsibilities of S when doing so.

Lantern have said they're not responsible for the actions of S and provided copies of letters S issued to Miss M about her irresponsible lending complaint.

The first of these letters is the outcome to Miss M's irresponsible lending complaint. S say they didn't lend to her irresponsibly, so didn't uphold the complaint. The letter is extremely detailed. Whether it's a fair outcome or not I can't know, as I'm not investigating a complaint against Lantern or S for irresponsible lending.

Lantern also provided a second letter from S – which says Miss M got in touch with them on 4 November 2021 disputing the outcome of the irresponsible lending claim. S say they replied on 6 November 2021 to Miss M. Following this, S say Miss M got back in touch on 7 January 2022 saying she hadn't received the outcome to her complaint, and they replied 28 January 2022. S adds Miss M then called them on 3 February 2022.

Miss M has been consistent in saying she never received the outcome from S – S' response says she did receive the outcome and later called them. If true, then it seems likely she'll have had a discussion about the outcome S reached.

Given S no longer exist, I can't know whether Miss M did or didn't receive the letter / speak to them on the phone, but I don't think that's overly relevant. I say that because Miss M believes Lantern are responsible for the actions of S – but I don't agree they are.

Miss M has quoted DISP 2.7.6 in her explanation for why she says Lantern are responsible for S' actions. But this section simply relates to whether Miss M would be an eligible

complainant under the FCA's rules. She is, but this part of DISP doesn't talk about what Miss M says it does.

Miss M has also referred to the FCA's Principle 6 – saying this requires customers are given fair consideration, particularly where an administrative failure by the previous lender has created a disadvantage for the customer.

Under FCA PRIN 2.1 'The Principle' number 6 says:

A firm must pay due regard to the interests of its customers and treat them fairly.

I'll address whether I think Lantern have or haven't treated Miss M fairly in the next section. But, in terms of this supporting Miss M's claim that Lantern are responsible for S' actions I can't agree it does.

And number 8 under this same list says:

A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

Again, I'm afraid I don't think this says what Miss M has said it does.

Although Miss M has quoted a number of rules and guidance from the FCA, I can't see any of this conveys the obligations on Lantern Miss M says it does.

In general terms, when a debt purchaser buys an account they don't typically take on responsibility for the actions of the original lender.

In Miss M's case, that means Lantern aren't responsible for the irresponsible lending complaint. They didn't grant the lending, haven't taken on any obligations regarding S' actions, so aren't responsible for anything S may or may not have done. This includes whether S did or didn't send their letters to Miss M.

Have Lantern treated Miss M fairly

Miss M has set out her complaints against Lantern as they refused to:

- Log her complaint
- Investigate her affordability concerns
- Consider the fact she raised her complaint on time with S
- Recognise that relying on a letter she never received is unfair and contrary to CONC 7.9 which requires clear and effective communication

Lantern say they did log her complaint and aren't responsible for the actions of S in respect of her irresponsible lending complaint.

In respect of the four points Miss M has mentioned, I agree with Lantern they're not responsible for the irresponsible lending complaint – nor are they responsible for anything to do with whether Miss M did raise her complaint with S on time or not.

But, in taking into account everything I've seen, I think the issues Miss M is raising which I can consider – in my words – are:

- Lantern wouldn't raise a complaint

- They're asking her to repay something she can't afford
- It's unfair Lantern won't reduce the outstanding balance to the amount borrowed
- Overall – I've taken Miss M's complaint to say she's also raising concerns about an unfair relationship with Lantern

In respect of Lantern logging a complaint, Miss M's concern here is that she was complaining to Lantern about what'd happened, and felt they were responsible.

I've already set out above why I don't think Lantern are responsible for S' actions. So, against that context, I think Lantern's replies to Miss M were fair – because her contact with Lantern was focused on the actions of S initially.

Miss M's original contact, as far as I can see, about S was on 24 January 2024. In this contact Miss M talks about S' outcome, says it's unfair she never received it, and says they never checked if she could afford it. Lantern's reply to this contact was to pass on S' response, and explain they couldn't log a complaint for Miss M against S because they were in administration.

The conversation continued, and on 29 January 2024 Miss M said despite proof S had never sent her the outcome, she wanted to complain to Lantern about them blocking her claim with them. Lantern replied again with S' outcome and said they couldn't raise an irresponsible lending claim.

Given the context at this point, although I think it later became clear this wasn't what Miss M meant, I think it was reasonable for Lantern to have assumed when she said 'claim' she meant her irresponsible lending claim.

The complaint was then logged on 30 January 2024. So, there was around six days between Miss M's first contact, and them logging a complaint for her. In the circumstances, I can't say that's unreasonable.

Turning now to Miss M's concerns about Lantern asking her to pay something she can't afford.

Miss M is correct in that Lantern are required to treat her fairly and reasonably when asking her to repay this debt. Although she's not quoted it, the relevant rules are set out in CONC 7.3 for Miss M's future reference.

As Miss M will see, these rules and guidance require Lantern to carry out an assessment of her circumstances and not ask her to repay more than she can afford – amongst other things.

The reason I'm mentioning these rules is for two reasons – firstly because they're relevant to this part of Miss M's complaint. But, also, because to date I think Lantern have treated Miss M fairly – but she may need to engage with Lantern further.

The reasons I'm saying that is because Lantern have offered Miss M a settlement figure. They're not required to do this – as there are no rules which require this. So, Lantern don't have to offer a settlement figure.

I can see Miss M has concerns Lantern won't allow her to add the settlement figure to her debt management plan (DMP). That's Lantern's choice, as they're not required to even offer a discounted figure, so I can't require them to then allow Miss M to add it to a DMP.

So, this means I think Lantern will want to put a repayment plan in place with her. To do that, generally speaking, an income and expenditure form would be completed. I can see Miss M says Lantern sent her a link which didn't work. But they then also sent her another link, let her know she could log on to their online portal, or she could give them a call to discuss it. In the circumstances, I think they've done enough to make Miss M aware. From what I can see, in response to Lantern's various options, she let them know she'd asked us to consider her case.

I've also noted Miss M doesn't think she should have to pay back the interest and charges applied to the loan when it was with S. My understanding is the account was defaulted, meaning no further interest and charges have since been applied. Generally speaking, a refund of interest and charges is the outcome of an irresponsible lending complaint. Here, S have not upheld Miss M's irresponsible lending complaint. Whether she received the outcome or not, I don't think it's unreasonable of Lantern to rely on this. As such, although Lantern could remove the interest and charges – which might be what they did when offering Miss M a reduced settlement figure – I can't reasonably say they're acting unfairly by not doing so.

So, bringing all of that together, I think Lantern have acted fairly in offering a settlement figure, and haven't treated Miss M unfairly by not allowing her to add it to her DMP, or by removing the interest and charges. As such, I think it's likely Lantern will ask Miss M for her repayment proposals.

I'd remind Lantern when doing so they're required to treat Miss M fairly and reasonably.

Finally, I've taken Miss M's complaint about irresponsible lending to mean she's also complaining about the fairness of the relationship. When deciding complaints I'm required to take into account relevant law.

When thinking about the fairness of a credit relationship, relevant law includes the Consumer Credit Act 1974, section 140A/B and C. Our Investigator explained it in detail, so I don't need to. But, in short, if I think Lantern have created or perpetuated an unfair relationship with Miss M I'd require them to remedy that unfairness.

To help decide that, we asked Lantern and Miss M for various information about what happened. More recently, we reminded Miss M about providing her credit report from the time the loan was taken out – as she didn't provide it when first asked in June 2025. In response to that, Miss M raised a number of points, asked for her case to be urgently assessed, and didn't provide her credit report. In the circumstances, I'm satisfied it's appropriate to go ahead with this case.

The information we received from Lantern included their contact notes, along with copies of letters from S. We asked Miss M for her credit report, statements from the time, and any other information she could provide to show us her circumstances at the time. And we reminded Miss M of this in our Investigator's view. In response, what she provided was her complaint file about her complaint's with S.

Given everything I've received, and all the points I've addressed above, I've not seen anything to suggest the relationship between Miss M and Lantern was unfair at any point.

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 Miss M to accept

or reject my decision before 6 January 2026.

Jon Pearce
Ombudsman