

The complaint

Miss T complains that Lantern Debt Recovery Services Limited trading as Lantern are pursuing her for a debt that she believed had already been written off.

What happened

Miss T had a loan with a business I'll refer to as A. A went into administration and Lantern purchased the loan account with an outstanding balance of £9,478.78.

When Lantern contacted Miss T to arrange repayment of the debt, she complained to them saying: A had upheld an irresponsible lending complaint she had made to them and had written the debt off.

Lantern raised a query with the administrators, and it was confirmed Miss T's complaint about irresponsible lending had been upheld in 2020, but it hadn't resulted in the debt being written off, however it should have had interest and charges of £2,399.69 removed from the outstanding balance, which hadn't happened. The balance was updated to reflect this leaving Miss T owing £7,079.09.

Miss T remained unhappy and so brought her complaint to our service. Our investigator didn't uphold Miss T's complaint and so 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.

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. 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. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint.

When a debt purchaser buys an account, they don't ordinarily become responsible for the actions of the original lender, and Lantern didn't here, when they bought Miss T's account. This means they aren't responsible for A's actions when granting the lending in the first place, or any of their subsequent actions or inactions.

But I have taken Miss T's complaint about irresponsible lending to mean she is also complaining about the fairness of the credit relationship. When deciding all 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 T, I'd require them to remedy that unfairness.

To help decide if there was any unfairness, we asked Lantern and Miss T to provide various bits of information about what has happened throughout the relationship.

Lantern provided their internal contact notes, a copy of the loan agreement and pre contract information, as well as a statement of account showing the adjustment that had been made for the correction of the irresponsible lending.

Miss T has said that she could provide bank statements from the time of the lending if it would help. Our investigator didn't feel these were needed as we would only use these to assess the fairness of the original lending decision and this had already been remedied.

Having reviewed the information available, I haven't seen anything to suggest there was any unfairness created or perpetuated by Lantern during the course of the credit relationship.

I've summarised the points Miss T has made about the overall fairness of the situation and why she thinks Lantern shouldn't pursue her for the debt.

- She genuinely believed the debt had already been written off
- The lack of clarity given the delay in between A going into administration and Lantern beginning collection activity
- The impact of A going into administration and Miss T's ability to understand or challenge her position earlier
- Her current financial circumstances mean she is unable to afford any meaningful payments towards the account

I've thought about what Miss T has said and I understand why she feels how she does, but my role here is to decide if Lantern have done something wrong, and I can't fairly say they have. Just because Miss T misunderstood the situation and thought she wouldn't have to pay the debt, doesn't mean Lantern shouldn't now collect it. She has spoken about the impact of not being able to challenge her position earlier, but the timing of her challenge wouldn't have changed the outcome here. So while I sympathise with the position she finds herself in, I'm satisfied Lantern are entitled to pursue her for the debt and in doing so they aren't acting unfairly. So I won't be asking them to do anything differently.

I do however note that Miss T says her current financial circumstances mean she isn't able to comfortably afford payments towards the debt. Lantern will be able to work through this with her, to come up with a suitable option for repayment, so I strongly suggest she engages with them to find an affordable way forward.

I realise this isn't the outcome Miss T was hoping for and that she may well be disappointed by it. But my decision ends what we – in trying to resolve her dispute with Lantern – can do for her.

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 Miss T to accept or reject my decision before 20 January 2026.

Amber Mortimer

Ombudsman