

The complaint

Mr H complains Lantern Debt Recovery Services Limited are unfairly and unlawfully pursuing a debt in his name. Mr H also says Lantern have caused him mental health harm and processed his data in contravention of General Data Protection Regulation (GDPR).

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.

As I understand it Mr H took out a loan with a company I'll refer to as L. Mr H raised an irresponsible lending complaint to L – despite this, L sold the account to Lantern on 4 March 2025 while the dispute was ongoing.

Mr H says Lantern didn't do any due diligence before purchasing the account and pursued collection of it which is in direct contradiction of the Financial Conduct Authority's (FCA) Consumer Credit Sourcebook (CONC) rules. Mr H adds that the pursuit of the debt despite it being disputed has significantly impacted his mental health – and also says this is a breach of GDPR and other regulatory guidance. Mr H isn't happy with how a call with Lantern's representative was handled. And Mr H also has concerns over Lantern's complaint handling which he says has exacerbated the impact on him – and could constitute disability discrimination under the Equality Act 2010.

Unhappy with Lantern not replying to him, he asked us to look into things. We explained Lantern have eight weeks to investigate a case.

Lantern issued their reply on 2 May 2025 – in it they said before working with L they conduct due diligence checks to make sure L were working in a way which was compliant with the relevant rules. Lantern said it wasn't possible for them to review each account, but their checks showed L were handling things correctly – although they are aware mistakes can happen. They said because their checks showed L were handling things correctly, they didn't think they'd done anything wrong.

In respect of GDPR, Lantern said as a regulated debt recovery service they're bound by the Data Protection Act and GDPR – so didn't think they'd done anything wrong on this point. In respect of the call, Lantern said they'd listened back to it, and thought their adviser was trying to help Mr H. Lantern added they weren't aware of any dispute until Mr H's phone call of 3 March 2025 – and overall didn't think they'd done anything wrong, so didn't uphold Mr H's complaint, but chose to write off the outstanding balance of £392.80.

Unhappy with this, Mr H asked us to look into things, adding he was unhappy Lantern:

- *Enforced a disputed debt and issued a Notice of Arrears before acknowledging his complaint – which he says was submitted 11 March 2025*
- *Ignored his mental health vulnerability disclosed in the phone call on 3 March 2025 – taking no steps to pause enforcement or offer support*

- *Refused any compensation for severe anxiety, panic attacks, disrupted sleep and impaired work performance their actions caused*
- *Writing off the balance doesn't address the regulatory breaches or emotional harm caused*

One of our Investigators considered things and thought Lantern writing off Mr H's debt was a fair way for the complaint to be resolved.

Mr H was thankful for the confirmation the debt had been written off but said this didn't fully resolve things for him. In summary he explained writing off the debt hadn't resolved the emotional harm and disruption to his wellbeing, sleep and daily routine. So, his complaint has been passed to me to decide.

Before deciding things, I arranged for us to ask Lantern for some further information. I've reflected that information and my thoughts on everything below.

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.

Before getting into the specifics of my findings, I wanted to say how sorry I am to read of how this situation has impacted Mr H. It's clear it's had a large impact on key areas of his life. But, I do need to explain I can only require Lantern to do something more or pay compensation if I find they've done something wrong and writing off the debt wasn't a fully fair outcome. If I find they haven't done anything wrong, then I can't reasonably ask them to take any further action.

Did Lantern fairly acquire Mr H's loan

Mr H says Lantern purchased this account without fully verifying the status of it with L. Mr H says this is in contravention of CONC 7.14.1 which he says states a firm must take reasonable steps to establish the accuracy and enforceability of a debt before pursuing recovery.

CONC 7.14.1 says:

(1) A firm must suspend any steps it takes or its agent takes in the recovery of a debt from a customer where the customer disputes the debt on valid grounds or what may be valid grounds.[Note: paragraph 3.9k of DCG]

(2) Paragraph (1) does not apply where a customer under a green deal consumer credit agreement (within the meaning of section 189B of the CCA) alleges that the disclosure and acknowledgement provisions in Part 7 of the Green Deal Framework (Disclosure, Acknowledgement, Redress etc) Regulations 2012 (SI 2012/2079) have been breached, but the lender reasonably believes this not to be the case.

I can't agree this says what Mr H said it does – instead it focuses on what Lantern were required to do once they were told Mr H was disputing the debt – rather than what Lantern were required to do after purchase and before pursuing the debt.

So, I've looked at what Lantern have told us. They've said they carry out various checks on accounts before purchase.

The specifics of these checks are commercially sensitive, so I won't share the details of them. But, I've seen the evidence of the checks they do – and I'm satisfied these are sufficiently robust.

The decision to sell the account was made by L, not Lantern. So, if Mr H has concerns regarding this he may wish to raise his complaint to them about it.

Did Lantern fairly contact Mr H for collection of the debt

Mr H says after learning the debt had been transferred, he contacted Lantern by phone on 3 March 2025. In this call, he told them the debt was subject to an irresponsible lending complaint and explained he was in a debt management plan (DMP). Mr H says the representative was disinterested, didn't take any details of his account with L, and completely disregarded his vulnerable circumstances. Mr H adds that failing to document his contact and disregard his dispute violates CONC 7.3.4 – which says firms must treat customers fairly and with due consideration, especially where there is a dispute. Mr H has also said Lantern's actions have caused severe distress in relation to his mental health condition.

Lantern say they handled Mr H's call appropriately, he didn't disclose any mental health issues and the only reason they didn't tell him about some of the letters they might send is because he ended the call before they could.

To decide this, I've listened to the call on 3 March 2025.

Mr H comes on the phone and asks about his irresponsible lending complaint as he said. The agent asks a number of questions to find out what's happening with the complaint – and then asks Mr H to send in the letter so they can review it. The agent explains they weren't aware of this, and explain they need to see it before they can do anything further. Mr H is then given the email address to send it in to.

After this, Mr H asks how Lantern came to have the account. The agent says if agreements aren't kept to then the account can be placed with another agency. Mr H then refers to a Debt Management Plan (DMP) – saying he's got one in place. He says he doesn't know who Lantern are and they've taken out his account. The agent explains if there is an outstanding dispute then they need to see the documents so they can work out the next steps.

Mr H then asks if he's going to hear from Lantern every ten minutes. The agent says no, he's put a hold on the account at this point. Mr H says he doesn't want to hear from them until the issue is resolved or receive any letter saying he owes them money. The agent explains they'd need to get in touch with him regarding his concerns about the dispute. Mr H then says he doesn't think this is legal and is going to investigate. The agent is in the middle of explaining the account is on hold for ten days when Mr H ends the call.

Having listened to the call and addressing Mr H's concerns around the customer service given and about the handling of the dispute, I can't find Lantern's agent did anything wrong.

The agent clearly asked a number of questions about the dispute and asked Mr H to send in the information so it could be queried with L. I think the agent responded appropriately to Mr H each time.

So, I can't find the agent was disinterested – and I think he did engage with the dispute.

The agent did tell Mr H the account would be put on hold for ten days. Despite that, I'm aware Lantern sent Mr H some emails.

Lantern say those emails are ones they had to send, and Mr H hung up before the agent could explain it.

I accept Lantern had to send the emails, but I'm not sure I completely agree the agent didn't have a chance to explain Mr H might receive some emails from them. I think the agent did have a chance before Mr H said he thought this was illegal and ended the call.

But, I'm conscious the call was less than seven minutes long, and initially the agent was purely responding to Mr H's questions. And, for reasons I'll go on to explain, even though the agent didn't explain about the contacts to Mr H I'm satisfied Lantern don't need to do anything further on this point.

The reason for that is because I can't hear Mr H disclosing his mental health to Lantern. I've also seen the information L provided to Lantern, which didn't include anything about his vulnerable circumstances.

So, as at the point of the phone call, Lantern didn't have any reason to believe Mr H would be unfairly or unreasonably impacted by some emails they needed to send about the debt they now owned.

I've noted Mr H has referred to the Equality Act 2010 – saying Lantern's handling of his complaint could be discrimination.

I can't make a legal finding that Mr H has been discriminated against under the Act, but I can decide if I think he was treated fairly. If Mr H wants a ruling regarding discrimination, he can seek legal advice about his options.

Mr H's concern here is he says Lantern continued enforcement activity during their investigation of his complaint despite him telling them about his dispute.

Complaint handling itself isn't a regulated activity our service can look into – though Lantern treating Mr H unfairly during this time I can. The FCA allows financial businesses eight

weeks to look into a complaint. There is nothing I'm aware of that requires financial businesses to take any action a consumer may have asked for as a resolution to the complaint before they've investigated the issue.

I'd also add that enforcement is typically a legal process involving the court. I can't see anything in Lantern's communications to show – aside from the initial contact – that they asked for payment of the debt.

I can see an email dated 5 March 2025 – two days after he got in touch – saying Lantern would take over the reporting of the account from L to the credit reference agencies (CRAs). But, Mr H's understanding about Lantern having to pause all actions isn't correct. And, in any event, Lantern wrote off Mr H's debt when they did fully investigate his complaint. I've not seen anything to show they did end up reporting the account to the CRAs as they said they would.

In addition, for all the reasons I've mentioned above, I've not found Lantern did anything wrong in their handling of matters for Mr H that I think would have had an unfair impact on him. So, while taking into account Mr H's vulnerable circumstances, I can't agree Lantern have treated him unfairly.

Responses to my provisional decision

Neither party replied by the deadline.

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 party replied by the deadline, I've seen no reason to change my outcome and I don't think Lantern have treated Mr H unfairly.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 February 2026.

Jon Pearce
Ombudsman