

The complaint

Mr B complains Lantern Debt Recovery Services Limited acquired his debt when he had an outstanding dispute with the original lender about irresponsible lending. He was also unhappy they'd contacted his guarantor and felt Lantern's communications were threatening.

What happened

As I understand it Mr B took out a loan with a company I'll refer to as A. They could no longer meet their commitments so went into administration. When doing so a Scheme of Arrangement (SOA) was set up for any complaints about loans sold between 28 January 2005 and 21 December 2020. Mr B took out his loan on 12 March 2019 so he was eligible to make a claim to the SOA.

Mr B says Lantern emailed him on 5 January 2024 to say they'd become the legal owners of his account with A. Mr B raised a complaint about Lantern taking over the account, because he was engaged in a dispute with A and said he had recently filed an appeal to the outcome reached by the SOA. Mr B also raised concerns about Lantern contacting his guarantor as he didn't think they should have. And Mr B felt Lantern's emails about repayment of the debt were threatening.

Lantern said they became owners of the account in August 2023. They said they made Mr B and his guarantor aware of the purchase. Lantern said sorry for any distress they'd caused to Mr B's guarantor – but they were required to make them aware of the sale of the account because they're liable for it if Mr B doesn't pay it. Lantern didn't think their communication was threatening. And, overall, they didn't think they'd done anything wrong.

Unhappy with this, Mr B asked us to look into things saying he was still engaged in a dispute with A at the time Lantern bought the account.

As part of our standard process we asked Lantern for their file. In response, they said they'd noticed they told Mr B in error they bought the account in August 2023, when they actually bought it in November 2023. They also said they'd only made one contact with the guarantor which was by text, and it was to say they'd received an email and the account was on hold until they could reply.

One of our Investigators reviewed things. She didn't think it was appropriate for our service to consider any of Mr B's concerns about the actions of A. This included Mr B's complaint about irresponsible lending, and the sale of the account to Lantern. In terms of Lantern's actions, she didn't think they had to do anything.

Mr B didn't accept this, saying:

- He never received a letter from A to say his account was being passed from them to Lantern
- He's got email confirmation from Lantern to say they bought the account in August 2023 when he reasonably believed the appeal process was unresolved

- He felt the timing was key, as he said Lantern bought and enforced a debt where the appeal status was unclear – and didn't think it fair or reasonable to rely on documents created after the sale of the debt where he didn't receive them and A's records aren't available

Overall, Mr B didn't think Lantern had treated him fairly. And he felt the wrong information from Lantern, about when they bought the account, caused confusion and distress when the SOA claim hadn't been finalised.

As Mr B didn't agree to the outcome our Investigator reached, 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.

From what I can see Mr B accepts we won't be considering any of the issues he's raised about A's actions – mainly any irresponsible lending complaint, or that A sold the account to Lantern. Our Investigator explained this in detail, and I agree with her outcome, so I won't go into any detail regarding this and instead will just focus on Mr B's concerns about Lantern.

I've seen an email from A to Lantern to say Mr B's initial claim under the SOA had been rejected. The rejection does give the option for an appeal. I appreciate Mr B hasn't been able to provide any evidence of appealing, but I don't think that would change the outcome I reach even if he could show he'd appealed.

The reason I say that is because in general it's expected any dispute a customer has raised to a lender has been resolved before an account is sold to a debt purchaser. With that in mind, Lantern had the reasonable belief when purchasing Mr B's account that it was free from dispute.

So, even if Mr B had made an appeal to the SOA, I wouldn't say Lantern were at fault for this. What is expected is when someone raises a concern, then that's looked into and while that happens any collection activity is placed on hold.

From Lantern's notes, this appears to be what happened. Mr B made a complaint to Lantern on 13 January 2024 – and the notes show no contact between them and after they'd issued their response.

I genuinely sympathise with Mr B if he did raise a dispute with A – as from his perspective I can see why he'd want that to run its course in the hope the amount he owed would be less. But, ultimately, that isn't Lantern's responsibility and none of the evidence I have shows they're asking him to repay an incorrect amount.

In terms of Lantern's contact with the guarantor I can see why Mr B would be unhappy with this – as he'd told Lantern they were vulnerable. I don't think Lantern have done much wrong here – as they had contact details for the guarantor so it wasn't unreasonable to think they

could be used. I'd also add any impact to the guarantor is something they themselves would need to complain about.

In respect of the communication, I'm sorry to hear Mr B found Lantern's contact threatening. I've reviewed the emails he's sent, and I think they're factual in nature.

Finally, I'm conscious Mr B's main concern at this point seems to be that Lantern incorrectly told him they'd purchased his account in August 2023 – when they're now saying they bought the account in November 2023.

Mr B has said this caused him confusion and distress.

I'm sorry to hear of the impact on Mr B, but I need to be satisfied Lantern's actions have caused this.

In thinking about that, it's clearly disappointing Lantern provided Mr B with the wrong date – as I can see he now accepts. But, in doing so, I can't agree this warrants any further action from Lantern.

I say that because at the time Mr B found this out, he'd already been contacted by Lantern a number of times. While I understand his expectations the SOA appeal was still going on as I've explained above this wasn't Lantern's responsibility. So, in effect, the impact on him isn't something I can hold Lantern responsible for. I'm also conscious the notes from Lantern show they first contacted Mr B on 22 December 2023, and he raised his complaint on 13 January 2024. So I think any opportunity for Lantern to have contributed to any confusion was limited – because when they replied they correctly explained what'd happened.

Our Investigator set out Section 140A of the Consumer Credit Act 1974 – and I can see Mr B doesn't think our Investigator's outcome properly explained how Lantern hadn't treated him unfairly. But, I've not seen anything to suggest any of Lantern's actions would have led to an unfair relationship and none of the information Mr B has provided supports this. So, taking into account everything I've seen I'm satisfied Lantern haven't created or perpetuated an unfair relationship, or otherwise done anything wrong, which requires them to take any action.

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 B to accept or reject my decision before 25 February 2026.

Jon Pearce

Ombudsman