

complaint

Miss P has complained about the way that Lantern Debt Recovery Services Ltd ("Lantern") has acted in pursuing a debt that it took over from another business in 2014.

background

Miss P had taken out a £200 payday loan some years ago which she was unable to repay. In 2014 the debt was sold to Lantern and had reached a total of £440.72 taking account of interest and late payment fees.

Initially some small payments were made to Lantern, and soon after it agreed a payment plan of £1 per month with Miss P. But she stopped making the payments in May 2016. In total Miss P had repaid £46 to Lantern, and it had also reduced the debt, having written off a further £90.72. This left a balance of £304 outstanding.

In 2017 Miss P spoke to Lantern on two occasions and it offered to agree a new payment plan, or further reduce the debt if she paid to clear it in full. It was agreed that the balance would be reduced to £160 provided Miss P paid in full in one lump sum by an agreed date.

Miss P was unable to pay the lump sum by the date which had been agreed. Miss P says she was unable to speak with her contact at Lantern and so sent them a proposed revised payment plan to clear the reduced debt in four equal instalments. She also sent a payment of £40 to cover the first instalment.

Miss P says she never heard from Lantern and so assumed the instalment plan had been accepted, but never received a receipt for her payment. Soon after, she started receiving demand letters for £264, and warning of court proceedings and the associated costs that would incur.

As Miss P didn't take any action and nothing was agreed, legal proceedings were then commenced and a further £96.12 was added to the debt.

One of our investigators reviewed the complaint and felt unable to uphold it. He concluded that Lantern had acted sympathetically to Miss P's circumstances and been reasonable in trying to reach a resolution she can afford.

Miss P disagreed and responded with further points. She had concerns about the details provided about when the loan was taken out, and that a new loan agreement was issued subsequent to the original borrowing being taken. She also says that she had proposed a repayment plan in December 2017 (of £40 instalments) but that was ignored by Lantern.

Lantern accepted the investigator's opinion and had no further comments to add.

As no agreement could be reached, I've now been passed the complaint to review afresh and make a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as the investigator, and for much the same reasons.

I understand Miss P has recently expressed concerns that Lantern has got the loan dates wrong and says it was taken out before 2013. She says this is reflected in the loan agreement which she believes has been produced more recently.

I've considered this point and don't feel it has a bearing on the outcome of the complaint. As the agreement was not produced by Lantern, but the original lender, I consider it's likely correct. But in any event, Miss P has accepted the debt and her actions to date reflect this, and so I'm satisfied the amounts Lantern were originally requesting are correct.

So the focus of my review has been to decide whether Lantern has acted in a fair and reasonable manner when pursuing Miss P for this debt.

It's clear from the outset of Lantern's dealings with Miss P that she was experiencing financial difficulties and finding it difficult to repay the debt. In such circumstances there are various industry codes of guidance a business should take into account about how it should deal with its customers. So I would expect Lantern to have listened to Miss P and taken a positive and sympathetic approach to dealing with her situation.

I've reviewed what's happened and what Lantern has done, and I'm satisfied it's been positive and sympathetic in the way it's dealt with Miss P. It's clear that it had listened and recognised Miss P's situation at the outset, and in response to that it made a reduction to the outstanding debt and agreed a payment plan of £1 per month.

Miss P failed to keep up with that arrangement and went for some time without speaking to Lantern about the problems she was facing. But when she again spoke to Lantern it offered to consider an affordable repayment plan for the £304 still outstanding. As an alternative, it also offered to accept a lump sum of £160 in full settlement. I consider both of these options to have been fair and reasonable in the circumstances, and Miss P chose the latter option with an agreed date for payment.

Miss P was again unable to meet the agreement to pay £160 by the agreed date. But instead, she sent a cheque saying she would pay the reduced amount in four instalments. Lantern hadn't agreed to this and so I don't think it was reasonable for Miss P to assume that would be ok. Instead, Lantern deducted the £40 from the total balance of £304 and requested payment of the remaining £264.

I appreciate this is frustrating for Miss P, but I don't feel Lantern did anything wrong. Its offer to reduce the balance to £160 was made specifically on the basis it was paid as a single lump and by the agreed date. Without this, the balance due was £304.

After this happened, Lantern again offered to discuss a new payment plan. It also warned that if something couldn't be agreed it may result in court proceedings and extra costs.

It appears that Miss P became frustrated with Lantern and so stopped engaging in communication about how she could repay the debt. So I think it acted reasonably by instructing legal action.

Whilst I appreciate my decision is likely to come as a disappointment to Miss P, I must assure her that I've considered everything provided by her and Lantern. But overall, I feel it acted in a positive and sympathetic manner when dealing with Miss P and providing options

to deal with her debt. So I don't think it would be fair and reasonable for me to ask it to do anything else now.

my final decision

My final decision is that I don't uphold Miss P's complaint against Lantern Debt Recovery Services Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 August 2018.

Ross Hammond
ombudsman