

## **complaint**

Mr A is unhappy with the way Lantern Debt Recovery Services Ltd collected his debt.

## **background**

In May 2011 Mr A took out a payday loan. He wasn't able to repay it within the terms of the agreement so the loan went into arrears. In May 2015 Lantern bought this debt from the payday loan company. At this time Lantern was trading under another name. It then contacted Mr A to try and arrange repayment of this debt.

Lantern didn't receive a response to its contact with Mr A, so it sent him an email explaining that his file was going to be transferred to one of its Home Visit Departments. When the visit took place Mr A has said he wasn't home and a family member passed the details over to him.

In August 2014 Mr A came to an arrangement with Lantern. It said it would remove £184.90 from the outstanding amount as a goodwill gesture if Mr A could pay the remaining £300. He agreed to this settlement and paid two £150 payments to clear the debt over the next few weeks. This meant the debt was settled in September 2014. In February 2015 Mr A received a letter discussing his outstanding debt, so he complained. Lantern said this letter was sent in error and apologised to Mr A for this mistake – acknowledging the debt was settled.

In 2018 Mr A complained to Lantern about how it had collected the debt. He said it had unlawfully collected the debt as the payday lending company weren't regulated in the UK. He said Lantern had enforced the debt, harassed him and discussed the debt with his family. Lantern said the debt was regulated and it was regulated to trade in the UK. So as it had bought the debt, it was entitled to recover it. It didn't consider its behaviour constituted harassment and said the home visit process is to try and reconnect with customers to move things forward.

Mr A was unhappy with its response so brought his complaint to our service. Our investigator didn't uphold it as he didn't think Lantern had done anything wrong. In response to his assessment Mr A said that Lantern hadn't followed correct debt practice procedures. He reiterated that the payday company didn't have a UK credit license. He added that Lantern contacted him three years after he took out the debt, it didn't acknowledge or abide by the cease and desist letters he sent it and that the original debt was over six years old. So the complaint has been passed to me for a final 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.

I appreciate Mr A's point about the payday company being based and regulated abroad. However the company was entitled to trade and also regulated by a UK consumer credit regime. And more importantly Lantern bought this debt. So at this point the debt was owned by a company which both traded and was regulated under the consumer credit regime in the UK, meaning Lantern was entitled to seek payment of the outstanding amount from Mr A.

Mr A has said Lantern didn't contact him for three years after the debt was outstanding. And that it has now been over six years since the original debt, so he isn't legally obliged to pay it. I'm uncertain of the significance of the three years. However I can see Lantern contacted Mr A almost immediately after it bought the debt, which is what I'd expect it to do. In relation to the six years, I'm assuming that Mr A is referring to time limits set out by the Limitation Act. However these relate to whether or not a debt can be enforced by a court. Mr A paid the agreed amount towards this debt in 2014 – without any court action, so three years after he first borrowed the money. So I don't consider these timescales have any impact on his case, as the debt wasn't enforced and I'm not aware that he's being pursued for any money now.

I've reviewed the letters and emails Mr A and Lantern exchanged. Lantern had a responsibility to treat Mr A fairly. But he also needed to engage with it in terms of repaying what he owed. It seems Mr A initially didn't recall the debt, but then accepted it was his and agreed to repay it back in 2014. He said he only did this due to harassment.

After reviewing the available evidence I don't agree with Mr A that Lantern harassed him. I appreciate receiving a home visit may have been stressful, but it's clear from Lantern's emails that this is a step it's taking because Mr A isn't engaging with it. And it's entitled to do this. From the evidence I've seen, I also don't consider the frequency or methods of contact Lantern used inappropriate.

Lantern agreed to remove a considerable proportion of the debt and offered Mr A two repayment plans, one long term and one shorter term. So I also don't agree with his point that Lantern didn't follow the correct procedures set out by the FCA and banking code. By this I assume he's referring to the Consumer Credit Sourcebook, in which the FCA has set out how a firm should deal with customers in arrears. From reviewing the sourcebook, I consider Lantern has acted in line with what's expected of it. It offered a range of payment plans over different timescales and I can't see that it has excessively contacted Mr A. It also reduced his overall debt, so I consider it treated him fairly.

### **my final decision**

I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 September 2018.

Amy Osborne  
**ombudsman**