

## **The complaint**

Mr B complains that Zilch Technology Limited mishandled his credit card account which resulted in adverse information being recorded on his credit file unfairly.

## **What happened**

Mr B has a credit card account with Zilch. Payments towards the outstanding balance on the account are taken by Zilch from a debit card held by Mr B when the payment is due.

In January 2023 there was an issue with Mr B's bank card which was outside of his control. Zilch wasn't able to take the payment. Mr B contacted Zilch as he was concerned about missing a payment and it advised him to contact his bank.

Mr B did as suggested and the bank told him it had cleared the debit card so that payments to Zilch would be authorised. Unfortunately, the problem wasn't solved and payments to Mr B's credit card account using the debit card continued to be declined. Mr B made numerous calls and sent emails to Zilch trying to resolve the problem. He also tried to make manual payments but found himself locked out of the app.

Mr B was upset to learn that missed payments were reported by Zilch to the credit reference agencies for the months March to July 2023. He says the payments were only missed because of the lack of help from Zilch. He made a formal complaint to it about the handling of his credit card account.

Zilch agreed it had let Mr B down with the quality of its service. It wrote off the outstanding balance on the credit card account and removed the adverse information that had been reported. Mr B felt that due to the impact on his health and on his ability to use other credit services due to the adverse information having been reported, that compensation would be also fair. He made a complaint to this service.

Our investigator recommended that Mr B's complaint should be upheld. He said that Zilch should have found a work around for Mr B rather than let the situation continue for five months. Our investigator said this would have been a distressing time for Mr B and his attempts to make payments caused him unnecessary inconvenience. He said he thought a compensation payment of £150 to Mr B would reflect the impact this issue had had on him.

Zilch hasn't responded to our investigator's view. Mr B has agreed though expressed some disappointment at the amount of compensation suggested.

As the parties have been unable to reach an agreement the complaint has been passed to me.

## **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 understand that the issue of the missed payments was originally linked to a technical

problem experienced by the bank with which Mr B held a debit card and not Zilch. Zilch says the problem with taking the payments from that card continued and it was the bank who were declining to authorise them rather than an issue with its own processes. Mr B says he contacted his bank in January 2023 and was advised that the problem had been resolved.

I don't know what the cause of the ongoing problem was, but I think Mr B did try to seek a resolution with Zilch, he wanted to make the necessary payments towards his credit card balance. I haven't seen that Zilch looked for a solution with Mr B when he repeatedly advised it that its usual processes weren't resulting in payments being taken from his bank account. And looking at Zilch's response to Mr B's complaint, I think it has accepted that it could have and should have done more for him. I think it was fair and reasonable for Zilch to have cleared the balance of the credit card account and remove the adverse information from Mr B's credit file.

Mr B says that as a result of the unfair adverse information on his credit file he has had to take credit agreements at higher rates of interest, and this also resulted in a contract for car hire not being renewed. He says that the stress of dealing with the matter and the worry over missing payments has impacted on his health.

I would not dispute that this would have been a distressing time for Mr B. He was actively trying to make payments to the credit card account and finding his attempts blocked. This would have caused him anxiety. However, it is difficult for me to say that this matter alone caused his health conditions to deteriorate because I don't have any direct evidence to support that and the need for an increase in medication can arise for a number of reasons.

It's also difficult for me to be able to reasonably say that the sole reason the car agreement wasn't renewed was because of Zilch's handling of this matter. A number of factors could have influenced that decision. This applies as well to the other credit agreements entered into by Mr B, which he says had higher interest rates. I would need to see direct evidence that it was the account held with Zilch that had led Mr B to have to use credit companies that applied higher interest rates. As I don't have this evidence, I can't fairly consider Zilch solely responsible for these things.

However, as set out above, I accept dealing with this matter has caused Mr B distress and inconvenience and I agree with our investigator's view that Zilch didn't go far enough in assisting him to resolve this situation. I think it would have been fair for Zilch to have offered Mr B compensation on top of the other actions it took.

Looking at what happened I agree that £150 is a fair and reasonable amount of compensation for Mr B when looking at the impact this has had on him. And I'm upholding his complaint.

### **Putting things right**

I'm asking Zilch Technology Ltd to pay Mr B £150 compensation for the distress and inconvenience caused by its poor service in respect of the problems he was facing making payments to the credit card account.

### **My final decision**

For the reasons set out above, I'm upholding Mr B's complaint. I'm asking Zilch Technology Ltd to pay Mr B £150 compensation for the distress and inconvenience caused by its poor service in respect of the problems he was facing making payments to the credit card account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 May 2024.

Jocelyn Griffith  
**Ombudsman**