

The complaint

Ms A complains that Zilch Technology Limited charged her a transaction fee of £3.

What happened

Ms A used her Zilch card to make a purchase. She later discovered that she had been charged a £3 transaction fee which she wasn't expecting. She complained to Zilch and asked for a refund of the fee.

Zilch didn't uphold the complaint. In its final response dated 26 September 2024 it said it could see that Ms A had made a purchase on 21 September 2024 but that her Zilch card hadn't been activated prior to the purchase, and that as a result of this the £3 fee was charged.

Ms A remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said the terms and conditions of the credit agreement for the card stated that a transaction fee would be charged if you pay without activating the Zilch card. The investigator said that because Ms A's card hadn't been activated at the time she made her purchase, the fee had been charged correctly.

Ms A didn't agree. She said she'd never intended to use her Zilch card for the transaction, and she didn't understand why the card had been selected from her google pay for the transaction as she hadn't opened the Zilch app.

Because Ms A didn't agree I've been asked to review the complaint.

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 know it will disappoint Ms A, but I agree with the investigators opinion. I'll explain why.

I've reviewed the terms and conditions of the Zilch account. These state that:

"If you make a transaction at an eligible store but do not use our app or website you will be charged a standard transaction fee of £3.00, and it will be subject to the terms of this agreement"

The terms and conditions also state:

"If you pay without enabling the Zilch card or if you use Zilch Anywhere the pay over 6 weeks fee will be £3.00"

In this case, Ms A used her Zilch card to make a purchase on 21 September 2024. It is this purchase which is referenced in the final response sent by Zilch, in which it explained that because Ms A hadn't enabled her Zilch card, a transaction fee was charged.

Based on what I've seen, this fee has been applied in line with the terms and conditions of the credit agreement.

Ms A has referred to another purchase in respect of which she was charged a transaction fee. I can see from the online chat transcripts between Ms A and Zilch that the fee in this instance was charged because Ms A opted to pay over 6 weeks. In the chat transcript, Zilch has explained to Ms A how to operate the features so that she can choose to pay now rather than in 6 weeks, thereby avoiding the transaction fee in future.

Ms A has said that she never intended to use the Zilch card to pay for the transaction on 21 September 2024. She says she hadn't opened the Zilch app at the time of the transaction. I can't be certain of exactly what happened but based on what Ms A has said, it seems likely that her google pay on her phone selected the Zilch card as the default payment method. This isn't something that I can hold Zilch responsible for.

Taking everything into consideration, I'm not persuaded that Zilch has made an error here. The transaction fee has been charged in line with the terms and conditions.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 15 January 2025.

Emma Davy
Ombudsman