

The complaint

Mr G has complained Zilch Technology Limited, trading as Zilch, won't refund £150 for a transaction he didn't make.

What happened

In July 2024 Mr G got a notification from an online marketplace (who I'll call A) confirming a £150 transaction. This was for the purchase of a gift card. Mr G confirmed with A that this was fraudulent. They believed his account had been compromised and then blocked a further attempt to make another transaction using his Zilch card.

Mr G asked Zilch to refund him for the unauthorised transaction. They advised him to go to A for any refund.

Mr G brought his complaint to the ombudsman service.

Our investigator felt the evidence didn't show Mr G had authorised this transaction. He told Zilch that under the existing regulations, he'd expect them to refund £150 plus 8% interest from the date of the transaction.

Zilch objected as they believed they had a right to ask Mr G for evidence of the disputed transaction which they didn't believe they'd received. Mr G's complaint has been referred to an ombudsman.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with complainants' persuasive testimony.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr G's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence Zilch provided as well as the

evidence – including numerous screenshots – that Mr G has shared.

I'm satisfied there is not sufficient evidence to show Mr G authorised this transaction. I say this because:

- A confirmed Mr G's account had been compromised. This evidence was also provided to Zilch.
- Once an account with A has been compromised, a fraudster will have access to card details which will enable them to make fraudulent purchases without further authorisation – apart from the card details – being required.
- I've seen nothing from Zilch to show Mr G had authorised this card payment.
- I've seen evidence of the £150 gift card purchase and where this was emailed to. I'd be surprised if Mr G hadn't provided this evidence to Zilch too.

On his basis I will be asking Zilch to put things right.

Putting things right

Zilch will need to refund £150 to Mr G, along with 8% simple interest from 23 July 2024, the date of the disputed transaction.

I'm aware that Zilch has already provided a payment of £10 as goodwill. This covers any fees Mr G was obliged to pay. However, I've also considered whether Zilch should pay any further compensation.

Zilch are incorrect in telling Mr G he should pursue his claim with A. This isn't the requirement under the PSRs which is quite clear about the liabilities of the payment service provider. I don't believe Zilch met these requirements.

Whilst I accept that Zilch are allowed to carry out an investigation into a fraud claim and ask for supporting information, I am satisfied that the evidence provided by Mr G should have been more than sufficient.

This has led to a delay in resolving this complaint which has obviously had an impact on Mr G. On this basis I will be asking Zilch to pay Mr G a further £50 in compensation. They have already been informed of this small change to the overall outcome.

My final decision

For the reasons given, my final decision is to instruct Zilch Technology Limited, trading as Zilch, to:

- Refund £150 to Mr G for the unauthorised transaction;
- Add 8% simple interest to that amount from 23 July 2024 to the date of settlement; and
- Pay Mr G £50 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 May 2025.

Sandra Quinn
Ombudsman