

## **The complaint**

Mr C complains that Zilch Technology Limited (Zilch) are unfairly reporting adverse credit on his credit file.

## **What happened**

I set out the background to this complaint and my initial findings in my provisional decision dated 2 January 2025.

### ***What happened***

*Mr C had a Zilch account and on 2 January 2024 was due to make an instalment payment of £14.99 towards a total outstanding balance of £437.97*

*Unfortunately, Mr C suffered a bereavement of a close family member on 1 January 2024 and because of this he missed the payment that was due on the following day. Zilch emailed Mr C alerting him to the missed the payment and Mr C replied to the email explaining his situation and asking for his account to be placed on hold for four weeks while he dealt with funeral arrangements, Zilch didn't respond.*

*Zilch continued to contact Mr C letting him know account was overdue and on 1 February 2024 they told him his account had been frozen.*

*Mr C has said that due to his personal circumstances he wasn't mentally in the right space to be able to deal with this. He had to take time away from work, eventually returning to work in March 2024.*

*Mr C says he used a debt management company (DM) to make the full payment of £437.97 on 11 April 2024 and provided a copy of an email receipt for this, from DM, showing the payment was being processed.*

*Zilch continued to chase Mr C for this balance and reported late or missed payments to his credit file.*

*Mr C was unhappy with this and so complained to them and, as he wasn't happy with their response, referred his complaint to this service. Our investigator didn't uphold his complaint, in summary they said that having looked into things:*

*Zilch hadn't received the email Mr C sent to them, but even if they had he didn't think it would have changed anything, because following Mr C's email, Zilch sent more than ten 'account overdue' emails which Mr C didn't respond to – so Zilch acted fairly when reporting the adverse data to the Credit Reference Agencies (CRA).*

*Mr C didn't agree and so the matter was passed to me to decide.*

### ***What I've provisionally 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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.*

*When reviewing the complaint, I felt I needed more information about the payment of £437.97 that Mr C said was made on 11 April 2024. I asked for this from, Mr C, Zilch and DM.*

*Mr C provided a bank statement showing the payment leaving his account.*

*Zilch said they never received this payment.*

*DM said they were unable to locate the payment of £437.97 but could see that Mr C did access the portal on 11 April 2024 to set up a payment arrangement of £1 per month. They received three monthly payments but nothing after July 2024. They confirmed both their IT and finance departments had completed traces looking for the payment coming into them but they were unsuccessful in tracing the payment. They also confirmed they have a record of Mr C accessing the portal on 30 April 2024 attempting to make the full payment but that the funds didn't clear so the payment was unsuccessful.*

*Following this we asked Mr C to contact his bank regarding the payment to provide a reference number for the payment to be traced. He has provided a copy of a live chat he had with them, where they confirmed they cannot provide a reference number for the payment but can see it was made on 11 April 2024.*

*Based on what I have seen from all parties I'm satisfied that Zilch have never received the payment, this is because Mr C says it was paid to CRS to forward. As CRS are saying they never received it, it follows they couldn't have passed it on, supporting what Zilch have said - that they never received payment.*

*Zilch like all credit providers have a responsibility to report clear and accurate information to the CRAs about the status of accounts consumers hold, so my role here is to determine if they have done this, and I think they have, I'll explain.*

*Zilch have said they didn't receive the email Mr C sent on 2 January 2024; they have completed searches for this email but cannot find it and have been unable to explain why it hasn't reached them. While this is puzzling, I don't think it makes a difference because even if they had received the email, I don't believe it would have stopped the missed payments being reported to Mr C's credit file. This is because Zilch did try to communicate with Mr C on numerous other occasions about the overdue account. And while I appreciate, he may not have been in a space to respond because of his personal circumstances, the payments were missed, and because there was no contact from Mr C no arrangement was in place to catch them up. So I can't say Zilch acted unfairly when reporting the payments as missed to the CRAs.*

*I've considered that Mr C thought the account was settled in April 2024. But even if Zilch had received the full payment at that time, payments between January and April 2024 would still have been missed, so Zilch would still have been acting fairly in reporting those late payments to the CRAs.*

*I've gone on to think about if, after Mr C complained to Zilch, they should have*

*realised he thought the account was settled and so gone into further detail with him. But having reviewed the complaint he sent to them I can't see that he has mentioned making the payment in April 2024 or that he had been in contact with DM. It was only when I asked them for further information about why the payment hadn't settled and therefore closed the account that they became aware of it. So, I don't think they needed to do more investigation about this when they received Mr C's initial complaint.*

*While I understand Mr C will be frustrated as he feels he has settled the account already, until Zilch receives the money, the account is still outstanding and so they are entitled to chase for it and report the status of it to the CRAs. Going forward, I would encourage him to work with them to set up an affordable arrangement to help clear this. I should note that anything he sets up may also be reported to the CRA's to be recorded on his credit file.*

*As I have established that Zilch don't have the funds Mr C says he paid in April 2024, I think it's likely they are caught somewhere between BK and DM and Mr C will have to take this up with those businesses separately to this complaint.*

*I appreciate that Mr C may be disappointed with this outcome, but I hope my explanation has helped him in some way to understand where things may have gone wrong.*

### **My provisional decision**

*For the reasons set out above my provisional decision is that I do not uphold this complaint.*

I invited both parties to comment on my findings.

Zilch responded accepting the findings.

Mr C responded saying he didn't agree with what I had said. In summary his response was:

- His bank wouldn't have confirmed the payment he had made if it hadn't taken place.
- He had been waiting for refunds to his Zilch account, but he couldn't receive them as Zilch closed his account.

### **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 have thought about what Mr C has said and I'm not sure how much I can usefully add to my previous explanation. I want to be clear to Mr C that I am in no way saying he never made a payment from his bank account. But the evidence Mr C provided showed he made a payment directly from his bank to DM, this is not the same as paying Zilch.

Zilch have maintained they never received a payment from Mr C or DM.

DM have told us that they never received the payment, I'll come back to this point. But it follows if DM didn't receive it there is no way they could have ever forwarded the payment to Zilch.

So, while I understand Mr C's point that his bank wouldn't have confirmed the payment had been made if it hadn't been, I'm satisfied the payment never reached Zilch and so the account balance is still outstanding and Zilch are entitled to ask Mr C to pay it and report the adverse information to the CRA's, as explained in my provisional findings.

Turning to DM saying they never received the payment – this is something Mr C will have to take up with them directly, and his bank should help him with this if he needs it, as it's possible the funds are caught somewhere between the two.

Mr C also said that he was waiting for refunds on his Zilch account which he never received and couldn't receive as Zilch closed the account. This is not something he has raised before and so Zilch have not had the chance to address it, as such I am not able to look in it for him. But in the interest of trying to help Mr C I can tell him the account being closed shouldn't prevent a retailer from being able to give him a refund, so he should be able to contact the retailers directly and ask for the refund in a different format, should he wish to.

I do understand Mr C will be disappointed with my decision but as I suggested in my provisional findings, I encourage him to engage with Zilch to come to an arrangement in making the payment.

### **My final decision**

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 March 2025.

Amber Mortimer  
**Ombudsman**