The complaint

Mr F complains that Zilch Technology Limited (Zilch) used the wrong payment option on two purchases he made on his account.

What happened

Mr F holds an account with Zilch. Zilch allows for purchases to be made with repayment either in full via its Pay Now option or spread over a period of time.

In November 2024, Mr F used his Zilch account to make two purchases. Payment was taken by a third-party processor which I'll call 'K'. To pay for these transactions Mr F has explained he used Zilch's Pay over 6 weeks repayment option. Mr F says shortly afterwards however he received a refund for both purchases. He says Zilch then took repayment in full using the Pay Now payment option, which wasn't what he had requested.

Mr F contacted Zilch on 18 November 2024 via its online chat, to request a refund of the full amounts that had now been taken, and for the Pay over 6 weeks to be reinstated. A Zilch advisor initially said it the issue had been caused by K reversing the transactions. Mr F explained he had already spoken to K, who had advised him to contact Zilch. Zilch then advised the matter would be escalated to its technical team. On 20 November 2024, Zilch messaged Mr F and said the refund for the two purchases had been processed by its technical team. Zilch added this might take between three and five days to reflect on his account. Mr F provided screenshots of his account with K which he said showed the issue was with Zilch. The Zilch advisor assured Mr F that both purchases had been refunded that day.

On 26 November 2024, Mr F contacted Zilch again regarding the situation with the two purchases. This time an advisor explained that if the card isn't enabled in the app, then transactions will be processed via the default payment method. Mr F strongly disputed this with the advisor and maintained that he selected the Pay over 6 weeks option for both purchases. He also requested a complaint be logged.

On 4 December 2024, Zilch issued its final response. Zilch provided two transaction ID's and said for these the Zilch card hadn't been enabled for Pay over 6 weeks. Zilch said its system was working correctly and recommended Mr F enable his Zilch card for future purchases. It didn't therefore uphold his complaint.

Mr F didn't agree and referred his complaint to our service. One of our investigators looked into the matter and recommended Zilch pay Mr F £50 in compensation. They said Zilch provided conflicting information and provided Mr F with poor service. Zilch didn't agree. It said no error occurred with how the repayment options were processed and had explained this was because the card hadn't been enabled for the transactions.

As Zilch didn't agree the complaint has been passed to me to decide.

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 would like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Here Mr F maintains that he did everything required to ensure the Pay over 6 weeks repayment option was to be used for his two purchases. He has used both Pay Now and Pay over 6 weeks previously and says as an experienced Zilch user he knows the difference and what actions are required to use either one.

Zilch says it was correct in processing payment via the pay Now option. This is because a customer needs to enable the card to use Pay over 6 weeks every time they make a transaction. In this case Zilch says Mr F didn't. If that doesn't happen, the default payment method will be used, which Zilch says is Pay Now for Mr F.

I'm satisfied here that Mr F likely selected Pay over 6 weeks when making his purchases. I say this because Mr F has provided a screenshot of his app that shows four transactions to the merchant taking place. Two are Pay over 6 weeks and these show as being refunded. Had Mr F in error selected Pay Now, then I see no reason why his app would show any Pay over 6 weeks in relation to the purchases in question.

Zilch says that Mr F didn't enable the card afterwards and that's why the pay over 6 weeks were cancelled and replaced with the default Pay Now. While Zilch has shown that two transactions were paid via Pay Now, that isn't really in dispute and doesn't mean Pay over 6 weeks wasn't enabled.

When there is conflicting information like in this case, I have to make a decision on what I think most likely happened. It's possible after selecting the Pay over 6 weeks option that Mr F then forgot to enable his card. But here I'm persuaded by Mr F's testimony, as an experienced Zilch user that has used all of Zilch's payments options before, that he knew what to do. On balance I believe Mr F would've likely ensured his card was enabled for Pay over 6 weeks, as he had done previously.

But in any event, this is still a complaint where I believe compensation is due. I believe the confusion created by Zilch has caused Mr F distress and inconvenience and therefore I agree with the investigators recommendation that Zilch pay £50. I'll explain why.

Firstly, Mr F was told it was K that reversed the transactions. I don't see why K was mentioned if this was solely down to Mr F not enabling his card. Mr F then appears to have been assured by one of Zilch's agents that the refund he was looking for had been processed and would be with him in three to five days. I appreciate there may've been some confusion over the refunds, given the issues that had occurred. But as the experts in the situation, I would've expected Zilch to be clearer with what it meant by a refund being processed. I also believe the final response confuses the matter. It appears to suggest that Mr F did have two enabled Pay over 6 weeks transactions. I can see why Mr F found that information contradicting.

Putting things right

- Zilch should pay Mr F a total of £50 in compensation for the distress this matter has caused.

My final decision

I'm upholding Mr F's complaint. Zilch Technology Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 10 September 2025.

Paul Blower
Ombudsman