

The complaint

Mrs C complains that ZILCH TECHNOLOGY LIMITED (Zilch) treated her unfairly when she told it she was experiencing financial difficulties and was unable to make the required payments on her credit account.

What happened

Mrs C holds a revolving credit account with Zilch. In November 2024 she contacted Zilch to let it know she was experiencing financial difficulties and wouldn't be able to make the required payments. She said she was looking after a family member which was affecting her ability to work. She also provided details of serious medical conditions – including anxiety - which caused her to be particularly vulnerable. She said she couldn't make any payments for the rest of the month.

Zilch placed the account on a 30 day hold and agreed to put a payment plan in place. It said it would accept payments of £25 per month starting in December 2024 until the outstanding balance was cleared.

Mrs C made a complaint to Zilch in December 2024. She was unhappy to have received a series of payment reminder emails despite her payment plan being in place. She said the frequency of the emails she was receiving were causing her a great deal of distress, and that she was worried that Zilch would attempt to take payments which she couldn't afford. She also said Zilch was taking too long to respond to her, and that it hadn't provided her with confirmation of her payment plan via email. She didn't think Zilch was treating her fairly as a vulnerable customer.

Zilch said it was required to send arrears notices even if a payment plan was in place, and that other payment reminders were automated and couldn't be stopped. It said Mrs C could ignore these reminders as long as she was making payments under the agreed plan. Zilch didn't agree it had made an error by sending these automated emails, but said its technical team would attempt to stop them. Payment reminder emails continued to be sent until they were stopped in January 2025.

Mrs C referred her complaint to this service. One of our Investigators considered the complaint and upheld it. They said Zilch had treated Mrs C fairly by agreeing to put a payment plan in place – but that the volume of automated emails it had sent was unreasonable and distressing for Mrs C. They recommended that Zilch pay Mrs C £150 to recognise the distress and inconvenience caused. They also suggested that Zilch resend details of Mrs C's payment plan if it hadn't already done so.

Zilch didn't accept the Investigator's conclusions. It said it had correctly told Mrs C that she could make payments in line with her agreed plan and that emails could be ignored. It said the emails hadn't caused any detriment to Mrs C. It felt the amount of compensation recommended by the Investigator was excessive, and asked for the complaint to be referred to an Ombudsman for a final decision. So, it's 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'd first like to thank Mrs C for providing details of her medical and financial circumstances. It's clear she's gone through a significantly difficult time – and she has my sympathy for this. I've considered whether Zilch treated Mrs C fairly – taking into account what it knew of her circumstances at the time.

When a lender is made aware that a customer is in financial difficulties – or otherwise unable to pay due to a change in circumstances – it ought to take positive steps to treat them fairly by providing appropriate support, forbearance and due consideration. This can involve considering a range of possible options – and lenders should pay due regard to the best interests of their customer when doing so. There aren't any specific steps a lender is required to take, as what is most appropriate will depend on the individual circumstances of the customer.

In this case, after Mrs C made Zilch aware that she was vulnerable, it agreed to place her account on hold for a month. It also agreed to put a payment plan in place until the balance was cleared at a rate Mrs C said was affordable for her. I think these were reasonable steps to take. I also don't have any concerns about the length of time it took Zilch to respond to Mrs C's messages – and I can see its agents generally got back to her promptly with the information she requested.

Mrs C has provided records of the emails she received from Zilch. I can see there were around 50 emails in total between 6 December 2024 and 6 January 2025. These included standard payment reminders, as well as notifications of missed and overdue payments. Due to the nature of the account, separate payment reminder emails were sent to Mrs C for each individual transaction that she'd made. The emails suggested Mrs C needed to make payments towards each of the transactions. Further emails were sent after each of the originally scheduled payments were missed.

Zilch was aware that Mrs C was in financial difficulties and was struggling with anxiety. She was particularly worried that Zilch would attempt to take payments that she couldn't afford, so I can see how receiving these emails would have been stressful and confusing for her. Although Zilch initially suggested the emails couldn't be stopped, it was eventually able to do so.

Mrs C told Zilch on 6 December 2024 that the emails were very stressful for her, but Zilch continued to send automated emails for a month after this. Zilch was required to send some statutory correspondence – including notifications of sums in arrears (NOSIA)s and default notices. But I don't think it was reasonable for Zilch to send so many emails to Mrs C after it had been made aware of her circumstances and the stress that its correspondence was causing.

While Zilch said Mrs C could ignore the emails, I don't think this was a reasonable suggestion in the circumstances. Had Mrs C ignored correspondence, she'd have risked missing important notifications about her account. As the account was in arrears and subject to a payment plan, I think it was particularly important that Mrs C be able to access relevant updates and notifications. The number of emails Mrs C received was significant – so I can understand why she would find them difficult to ignore.

Mrs C first raised a concern about the emails she was receiving on 6 December 2024. While Zilch did offer some reassurance that Mrs C could continue to make payments under the

agreed plan, it was a month before they were able to stop the emails. Given what it knew of Mrs C's circumstances and the impact the emails were having on her, I think Zilch ought to have taken steps to stop them sooner than it did. It's clear that receiving such a high volume of emails from Zilch caused avoidable stress and confusion to Mrs C over the course of at least a month. I think £150 is a fair reflection of the distress and inconvenience caused to Mrs C during this period, so Zilch should pay her this amount to put things right.

It's not clear whether Mrs C's payment plan is still in place – as it appears she's entered a new token payment arrangement. So, the details of the previously agreed plan may no longer be relevant to Mrs C. But if the plan is still in place, I'd suggest Zilch ensure that all relevant information about it has been sent to Mrs C for her records.

My final decision

My final decision is that I uphold Mrs C's complaint. I require ZILCH TECHNOLOGY LIMITED to pay Mrs C £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 25 June 2025.

Stephen Billings
Ombudsman