

The complaint

Mr H is unhappy that Zilch Technology Limited (Zilch) didn't refund him for a transaction on his account that he says wasn't authorised.

What happened

In March 2025, Mr H contacted Zilch to dispute a transaction for £115.13 on his account. Mr H explained the payment was for a subscription that had been renewed despite him cancelling the service. He therefore didn't need his card blocked. Zilch asked for some further information, including evidence the service had been cancelled. Mr H said he didn't have this but the payment had been taken without his approval and so he was due a refund in any event. Zilch responded advising it couldn't raise a chargeback without evidence of the cancellation.

Mr H asked for a complaint to be logged and explained the payment had been taken fraudulently. So, under the Payment Service Regulation 2017 (PSRs), he was entitled to a full refund. Zilch said it wasn't able to find any indication of fraud. It said this was because Mr H had confirmed it was a subscription charge and asked for his card to not be blocked. Zilch added the transaction had been processed in a way that meant the merchant can take reoccurring subscription payments from details obtained from a previous purchase made with them. Given this it would be Mr H responsibility to evidence he cancelled the service, which hadn't been provided. Zilch however did explain it would still raise a chargeback as a gesture of goodwill.

On 15 April 2025 Zilch issued its final response. In this it repeated the reasons why it wasn't taking the dispute as a fraud claim, which was namely as Mr H recognised the subscription. Zilch therefore explained it had passed the dispute to its chargeback team. However, as there was insufficient evidence of the service being cancelled, it wasn't currently able to pursue the chargeback. Zilch said it did look to see if it could assist via a claim under s.75 of the Consumer Credit Act 1974 (CCA). But said as the transaction was made as a 'Pay Now' purchase it wasn't made on credit and so s.75 didn't apply.

Unhappy with this Mr H referred his complaint to the Financial Ombudsman Service. One of our investigators considered the complaint and said it isn't disputed Mr H signed up to the subscription service and the terms and conditions of the merchant explain this involves an auto renew. The investigator explained the PSRs consider a payment as being authorised if a customer has agreed to it, even on a recurring basis. So based on this the investigator found the transaction would fall into the category of being authorised. And without evidence to show Mr H had cancelled things before the renewal date, Zilch hadn't been unreasonable in not actioning a refund for Mr H. Regarding the chargeback the investigator said Zilch hadn't acted unfairly by taking the action it did. Lastly the investigator confirmed that as the transaction was a 'Pay Now' one, s.75 didn't apply.

Mr H didn't agree and said consent for the subscription had been withdrawn prior to renewal and it's for Zilch to prove he agreed to the charge. And as it's unable to do so, Zilch must refund him as per the PSRs.

As Mr H didn't agree, the matter 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 also 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.

As Mr H has said, the PSRs do govern disputed transactions. In general terms a financial firm is liable if the customer didn't authorise them and the consumer liable if they did. So here what determines the outcome is whether or not Mr H authorised the payment of £115.13.

Mr H doesn't dispute that he signed up to a subscription service provided by the merchant. The subscription came with an auto renewal feature that meant if it wasn't cancelled, Mr H had agreed to further payments to be taken. The automatic renewal charge is clearly detailed in the terms and conditions on the merchant's website. I'm satisfied Mr H was likely aware of this as he says he tried to cancel before the renewal date. So, it follows that I believe he did initially agree to the automatic renewal charge when taking out the subscription service.

Mr H says that he withdrew his consent when he cancelled the contract with the merchant. Therefore, it was no longer authorised to take the renewal payment. However, he hasn't been able to provide evidence that he did this. I appreciate Mr H has said the merchant didn't send any confirmation and his request was sent via a form on the merchant's website. But without evidence of the cancellation, I don't think it was unreasonable for Zilch to say the renewal was authorised and therefore no refund was due.

Overall, Mr H consented to future payments being taken when he signed up for the subscription service. And without persuasive evidence that he cancelled the service before the renewal was debited, I can't say that Zilch has made a mistake in holding him liable for the transaction.

I've considered how Zilch handled raising a chargeback for Mr H. Zilch said it would need to receive supporting documentation that Mr H adhered to the merchant's cancellation policy and that he cancelled before the payment was taken. Without this Zilch said it was unable to authorise any chargeback requests. I agree with Zilch that any chargeback had very little prospect of success without the evidence requested. A financial firm only has one opportunity to raise a chargeback, so making sure the relevant supporting evidence has been provided before doing so is in line with what I'd expect.

I've also looked at s.75 and whether Zilch could've looked at a claim under this. But given Zilch says the transaction wasn't made via a form of credit, I don't believe that s.75 applies. Zilch says the payment was a 'Pay Now' transaction which means it acted like a debit card payment which doesn't come with the protections that s.75 offers.

I acknowledge this will come as a disappointment to Mr H, but along with holding him liable for the transaction, I'm satisfied Zilch has handled his chargeback request fairly. And given the way the Zilch says the payment was made, s.75 wouldn't apply. But based on what Mr H has provided, even if it did, he hasn't been able to evidence that a breach of contract or misrepresentation occurred.

My final decision

I don't uphold Mr H's complaint against Zilch Technology Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 3 December 2025.

Paul Blower
Ombudsman