

The complaint

Mr M complains about an issue with his account with ZILCH TECHNOLOGY LIMITED ('Z').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Mr M says he ran up a balance on his Z account in 2019 which he tried to pay off from 2020 onward but he couldn't access his account and settle it. He says he tried contacting Z about the issues several times over the coming years, but it never got back to him when he raised an enquiry.

Mr M reached out to Z again around March 2025 via several online chats and Z provided a complaint response in May in which it said it had successfully amended the credit file to represent a £0 balance. It also agreed to pay £30 in account credit for the poor customer service Mr M received from it.

Mr M does not think the compensation is adequate considering how long the situation has been going on for. He also says that his credit file has not been updated.

Z says this service should consider as part of the compensation here that it has written off Mr M's debt of £158.

Our investigator thought that Z had acted fairly – but Mr M does not. In summary, he says that it isn't fair compensation. He says that while £188 may appear reasonable at first glance, only £30 is actual compensation. And £30 does not fairly reflect the severity of the long-term damage to his credit file (which prevented him from being approved for mainstream credit products) or the stress caused.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the 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.

My starting point here is that a credit file should accurately reflect the status of a particular account. This is in line with guidance published by the Information Commissioner's Office. Here I note that Mr M does not dispute that he owed an unpaid balance on the account (dating back to 2019) at the point he approached Z in 2025 to pursue the complaint which was referred to this service. I am also satisfied from the evidence presented that he did

owe a balance and that was likely £158. So, on the face of it Z was not acting incorrectly in reporting this on Mr M's credit file over the course of years it remained unpaid.

The issue here appears to be that Mr M says he tried contacting Z to gain access to the account so he could pay it off – but it didn't get back to him. I can see that Mr M has provided evidence to show he at least contacted Z via chat in 2021 and 2023 about this matter.

I don't think Mr M has shown that he pursued the issue in the past as robustly as he had done so in 2025. Had he done so I expect the matter would have been escalated to this service, court, or a regulatory body sooner. So I do think it fair that Mr M takes some responsibility for how long this matter has gone on for.

But even if I put the matter of reasonable mitigation aside, I also don't think that Mr M has shown the years of this balance showing on his file had a material financial impact in any event. He says he has not been able to obtain mainstream credit products – but he has not provided persuasive evidence of declines for this reason from other lenders.

With all that said I do recognise that Z failing to get back to Mr M about the problems he had accessing his account when promised has not helped matters and has caused Mr M unnecessary stress and frustration and contributed to the delays here in having the £158 settled and removed from his credit file. From the chats I have seen from the past and more recently I am persuaded Z has not always communicated clearly or got back to Mr M when it promised and I think Mr M is rightly aggravated and stressed out by it. I am sorry to hear about this, and I have taken it into account when considering what is fair and reasonable.

I don't agree with Mr M that writing off the £158 is not to be considered part of the compensation. This is a debt he legitimately owed. And Mr M admits that when you add this to the £30 already offered it appears to be reasonable as a global amount. I think it is broadly fair and reasonable, considering my rationale above. I say this also noting that the £30 given as account credit should be removed and paid to Mr M directly as a cash transfer or cheque if he requests that (and presuming he has not used said account credit to date).

However, I also think that now Z has agreed to write off the £158 this needs to be fairly reflected by its reporting to Mr M's credit file. Mr M says that Z has not done this despite promising to do so in its response to his complaint and he has provided screenshots from credit reference agencies to show that the £158 is showing up. Z says the reporting should not be showing the balance any longer as it has taken the necessary steps and has (since around mid-October) been looking for an update from its credit reporting team to add further clarification. Z has had a fair opportunity to sort this out and I think this complaint should be resolved by now and a line drawn. So if it transpires that after my final decision Z's regular credit file reporting continues to include the £158 it has written off Mr M may choose to raise this as a further complaint about Z's actions in respect of his account going forward.

Putting things right

Z should take the actions below to the extent it hasn't already done so to date.

My final decision

I direct ZILCH TECHNOLOGY LIMITED to write off the £158 debt (and accurately reflect this with its credit reporting). It should also pay Mr M the £30 account credit directly as a cash transfer or cheque if he requests this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 November 2025.

Mark Lancod
Ombudsman