

The complaint

Mr W is unhappy with how Zilch Technology Limited (Zilch) administered refunds on his account with it.

What happened

Mr W says that he became aware refunds for multiple purchases he had made on his Zilch account hadn't been returned to him. He therefore complained to Zilch. Zilch appears to have issued two responses, each covering different transactions.

One response from 29 October 2024 addressed a refund for £14.99 and upheld the complaint adding £10 to Mr W's Zilch reward balance. The other final response from 3 December 2024 appears to cover a further six transactions and said refunds for those had already been processed back to Mr W. Zilch explained that as per the terms and conditions, it is able to use refunds to cover other outstanding transactions that are owed to it and that's what it did here. This is rather than return the refunds to the bank account linked to Mr W's Zilch account.

Zilch did however arrange for the refunds to be sent back to Mr W's bank account in this instance. Zilch says it did this as a gesture of goodwill.

Mr W referred his complaint to our service. He confirmed his bank account had now been refunded but was still unhappy he had to initiate getting the refunds in the first place as Zilch hadn't notified him. Mr W was also unhappy with how long it had taken to be refunded, and he wanted assurances Zilch wasn't holding other refunds due to him.

One of our investigators considered the matter. They said despite being asked, Zilch hadn't provided evidence to show it had applied Mr W's refund correctly. They therefore concluded on balance that a technical issue had likely occurred with Mr W's refunds, which had caused delays in them eventually being sent to him. The investigator recommended Zilch pay £150 in compensation, award 8% simple interest from when the refunds were received until they were sent to Mr W's bank account and confirm no further refunds were due.

Mr W agreed, but Zilch didn't. Zilch said there hadn't been any technical issue and the refunds had been processed correctly before being sent to Mr W's bank account as a gesture of goodwill.

As Zilch didn't agree, the complaint was passed to me to decide.

Before making my decision, I asked the investigator to again request a full audit of the refunds from Zilch. Zilch responded and provided screenshots of the payment details for the transactions showing refunds had been processed.

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.

In this decision, I've considered the issues covered in both the 29 October and 3 December 2024 responses. But the majority of what I've decided is based on the issues addressed in the December 2024 final response.

It's been very difficult to piece together what's happened here. Zilch has been asked multiple times to provide an audit for each transaction showing when refunds were first received and then what other Zilch transactions these refunds were applied to and when. But this evidence hasn't been forthcoming.

I appreciate it has provided screenshots that show the refunds were processed. The screenshots show the refunds being processed in November 2024. I don't know if that's when the refunds were first received by Zilch and applied to other transactions, or when it ultimately refunded Mr W's bank account. Based on what's been provided, it is difficult to say for sure.

Zilch claims the refunds were correctly processed and added to other outstanding transactions Mr W had with it, as per the terms and conditions of his account. Then when Mr W complained, it refunded Mr W's bank account as a gesture of goodwill instead. But as I've said, despite being asked by both the investigator and myself Zilch hasn't provided persuasive evidence that shows this is what happened.

Given the difficulties I've encountered in trying to work out what has happened here, I can see why Mr W has also found it challenging and frustrating to recognise what's happened on his account. Mr W believes Zilch kept his refunds and doubts Zilch's explanation that his refunds were correctly applied to other Zilch transactions before he raised them being missing. Mr W says it was only when he raised the refunds being missing that Zilch then refunded them.

It's clear from the chat transcripts that have been provided, that Mr W was in contact with Zilch in November 2024 regarding what he believed were missing refunds owed to him. In the chat transcripts from 5 November 2024, Mr W is told a technical issue is why refunds hadn't been processed. Zilch has now said that wasn't correct, but without the evidence that's been requested I can't say for sure. So, it could also be that there was a technical issue at Zilch's end that resulted in Mr W's refunds not being processed until he raised them being missing.

There are clearly conflicting explanations here as to what's happened with Mr W's refunds. In situations like that I have to make a finding on what I think is most likely to have happened. Given the lack of evidence here, that is particularly challenging. But given Zilch hasn't been able to show when and to what other Zilch transactions it sent Mr W's refunds to, before finally sending them to Mr W's bank account. And that one of Zilch's advisors explained the refunds not being processed was down to a technical issue. I'm not persuaded here that there wasn't a technical issue that occurred, which resulted in Mr W's refunds not being applied correctly to other Zilch transactions.

I'm pleased to see that Mr W has confirmed he has received the refunds in question on this complaint to his bank account. But I do believe he should be awarded 8% simple interest for the time he was without the funds. As I can't safely say here, based on what's been provided, that his refunds were applied to other transactions as per Zilch terms and conditions.

I appreciate Mr W has concerns that Zilch may be holding more. Given what's happened here, I don't think it would be unreasonable for Zilch to confirm that all refunds due have been processed.

Ultimately here, I'm satisfied there has been a lot of confusion created by Zilch which has caused Mr W distress and inconvenience. Mr W had to go above and beyond what I would expect to ensure refunds he was due were given to him. For this I agree with the investigator

that Zilch should award him £150. I think given the circumstances of this complaint this fairly compensates him for the distress and inconvenience caused.

Zilch awarded Mr W a separate £10 to his reward balance for issues he encountered having a refund applied to a specific order. Zilch doesn't need to anything further regarding this issue.

Putting things right

- Zilch should Pay 8% simple interest from the date when the refunds on each transaction in question were originally received by Zilch to the date when each refund was ultimately sent to Mr W's bank account.

If Zilch considers it is required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it has taken off. It should also give Mr W a tax deduction certificate if he asks for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

- It should pay Mr W a further £150 in compensation for the distress and inconvenience this matter has caused.
- Confirm that all refunds Mr W is due have been processed.

My final decision

I'm upholding Mr W'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 W to accept or reject my decision before 20 October 2025.

Paul Blower
Ombudsman