

The complaint

Mr E is unhappy with how Zilch Technology Limited (Zilch) handled disputes he raised with it, following purchases made using his account.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

“Mr E contacted Zilch to raise disputes for two purchases he had made in October 2024. The first was for £214.84 to a company I’ll call ‘M’. The second was £284.70 to a company I’ll call ‘F’. Both transactions were for hotel stays.

For the purchase to M, Mr E tried to raise a dispute. He says he submitted a dispute form online, but Zilch ignored it. When he contacted Zilch after not hearing anything, Zilch said it hadn’t received any dispute forms regarding the transaction to M. Zilch asked for further information and Mr E said he would send this within a few days. Mr E added that as a result of the original submission going missing, he had lost the information that was included within it. He therefore requested a complaint be logged.

Zilch raised a chargeback dispute for Mr E’s stay with F. However, he received a refund of £0. He therefore contacted Zilch to see why this was. Mr E’s initial call was disconnected, so he called back. The advisor appears to explain that further enquires are being made. Mr E is unhappy with this and asked for a separate second complaint to be raised.

Zilch declined the chargeback to M and so Mr E asked for a claim to be raised under s.75 of the Consumer Credit Act 1974 (CCA). On 6 December 2024, Zilch issued its response to the complaints Mr E had raised. Zilch said that as Mr E had utilised the service provided by M, it wasn’t able to process a chargeback. The response also explained that for the transaction to F, Zilch wouldn’t refund the disputed amount until the chargeback was successful or the time frame for F to respond has passed.

Mr E referred his complaint to our service and initially said he was unhappy Zilch wouldn’t raise a chargeback for his dispute with M and why he had received a refund of £0 for the dispute with F. One of our investigators looked into the complaint and said the refund of £0 was correct, as Zilch had said the refund wouldn’t be processed until the chargeback was successful. Regarding the dispute with M, the investigator said Zilch hadn’t acted unfairly in not raising this as a chargeback as it had no prospect of success.

In response Mr E confirmed the chargeback to F had been found in his favour. But that he was annoyed no explanation was given as to why he initially received £0. He added that what the investigator said about the details provided in the findings regarding the dispute with M, actually related to the dispute with F. He therefore explained that the dispute with M was due to him being injured due to running into a glass door that should’ve been highlighted and made clear it was there.

The investigator issued a follow up to their findings and explained they were satisfied with how Zilch had handled the chargeback with F. Regarding the dispute with M, they said there wasn’t a valid reason code that would cover Mr E’s dispute. Mr E again replied and said the hotel detailed its quality standards on its website. He said here M hadn’t met those, as it hadn’t complied with health and safety standards.

Mr E then explained he had raised a third complaint that Zilch hadn't addressed. It was agreed with Zilch that this could be considered as part of this complaint. The issues raised under this were, Zilch hadn't considered his s.75 claim and that payments to an unrelated company had been declined.

The investigator issued their final findings and said there was no record of Zilch receiving the dispute form and Mr E couldn't provide anything to show it and further supporting evidence had been sent. Regarding the s.75 claim, the investigator said Mr E hadn't provided evidence that would've resulted in a claim being successful under s.75. However, this should've been explained to him, and it wasn't reasonable for Zilch to just say the dispute couldn't be pursued further. Regarding the declined payment, they said Zilch had explained to our service why this might've happened (his bank likely declined it or an issue with how the merchant processed the payment) and explained no evidence had been provided to show it was Zilch that had declined the transaction. Overall, the investigator recommended that Zilch pay Mr E £150 for the distress and inconvenience that had been caused.

Zilch didn't agree and said it be willing to offer £50 only. Mr E said Zilch were being selective with what it had provided and wants Zilch to settle the claim.

As both Zilch and Mr E 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 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.

Several issues have been raised here, so I will address those I feel material to the complaint in turn.

Missing dispute form

Mr E says he submitted a dispute form with additional evidence to Zilch. Zilch however says it has no record of receiving this.

Zilch has provided some information, which Mr E says show it received everything he sent and is now being selective with what provides. I'm not persuaded here that's the case. The invoice and other information (picture of pool, picture of hotel bag and welcome message) Zilch provided appears to be that which Mr E sent when he contacted Zilch regarding the dispute on 29 October 2024. The conversation transcript from that day shows Zilch ask for proof of purchase and that Mr E submitted further evidence. Then on a later online chat, one of Zilch's advisors explained they were able to pull up the invoice from when Mr E provided it on 29 October 2024. So, I think Zilch providing what it has doesn't mean it received anything else Mr E says he sent.

I've seen no evidence of Mr E sending anything further which isn't to say he didn't, but that based on what I've seen I feel Zilch has provided what it physically received. And it isn't at fault for anything that hasn't been received. I do note that Mr E hasn't been able to send us anything further to support his dispute. Mr E has said this is because the information he sent is now lost.

Dispute with M

Mr E's dispute with M is that he was injured due to a glass door in his hotel room not being highlighted or clearly marked.

Here Zilch are not the supplier of the service Mr E received. I can therefore only consider whether it acted fairly and reasonably in light of its role as the finance provider. In deciding

this I thought about the ways Zilch could've assisted Mr E with his dispute. In this case that was via the chargeback process or by raising a claim under s.75 of the CCA.

A consumer is not entitled to chargeback by right. But where there are grounds to raise one and it has a reasonable prospect of success, it is good practice for one to be raised by the card issuer. Once a refund is requested by a consumer the card issuer will usually look at the card scheme rules to see if the nature of the dispute is covered under the list of possible chargeback reasons. If so, relevant evidence might be requested to back up the claim and the chargeback is raised. In Mr E's case, Zilch didn't believe that a chargeback had any chance of being successful, so didn't raise one. It says this was because Mr E utilised the services with M.

According to the terms and conditions provided by Zilch the relevant card scheme here is MasterCard.

I've looked at the MasterCard chargeback rules applicable at the time. These give the full list of dispute reason codes that can be used to raise a chargeback. Having considered the codes and the nature of Mr E's dispute, I don't think any of them are intended to cover situations like this and there wouldn't be grounds for a claim to be raised under the chargeback process on that basis

However, for completeness I've considered the reason code that would be the most likely best fit. I believe that would be "goods or services were either not as described or defective". But I haven't seen anything here that suggests the room Mr E was provided with didn't conform to its description. Mr E did also use the room and other service provided by M at the hotel. I'm very sorry to hear about the injury Mr E sustained. But this accident occurring doesn't mean the room wasn't as described and that Mr E is entitled to a refund. So even if a chargeback had of been raised under this reason code, and as I've said I don't think it's intended for situations like this, I think it had little prospect of success and would likely have been robustly defended by M.

S.75 is the other avenue open to a finance provider to assist with a dispute. S.75 is part of the CCA. It allows, in limited circumstances, someone buying goods and/or services on credit to claim for a breach of contract or a misrepresentation against their credit provider when there is a like claim against the supplier. There are certain criteria that needs to be met for s.75 to apply. It's not entirely clear if those conditions are met in this instance. But I don't need to go into this point further because even if those conditions were met, I don't believe any s.75 claim here would be upheld. I'll explain why.

The Consumer Rights Act (CRA) implies terms into the contract Mr E entered into with M that services will be performed with reasonable 'care and skill'. I've considered what Mr E says happened and in doing so I don't believe he has provided evidence to show there's been a breach of contract here. There is nothing to suggest the room wasn't as described, or that the glass door was faulty in any way. It isn't clear if the glass door was marked or whether it was meant to be unmarked for a reason. Again, nothing has been provided to here to show was clearly not visible, for example was there a handle that could be seen. I appreciate Mr E says he did send a picture of the glass door after he had injured himself, which isn't now available. But even if this was, I don't think it sufficient to show a breach of contract had occurred here given the many variables at play. I would need to see more evidence than just Mr E's testimony to be satisfied the hotel service was provided without reasonable care and skill.

Mr E has highlighted the door breaching health and safety standards. It's worth noting that the hotel was in a foreign country and I've seen nothing from Mr E to suggest the glass door breached regulations that are in place for that country. In addition, the room is also only part of the service M provided and as I've said, he did end up staying at the hotel and fully utilising it.

I've also considered misrepresentation, but I don't believe that applies here. Mr E hasn't mentioned he was provided with a false statement of fact about the hotel which induced him to staying there.

Ultimately here, Mr E hasn't substantiated his s.75 claim. Given this, Zilch haven't acted unfair in not considering a s.75 claim further for him because of it.

Dispute with F

Mr E has confirmed this chargeback was found in his favour. However, prior to that he received a refund of £0. Mr E was unsure why a refund of £0 was showing on his account and asked Zilch to clarify. He was expecting £284.70.

It seems the reason for this was to show the chargeback had been raised, but that the £284.70 wouldn't be applied until it was successful. I've listened to the call Mr E had when raising this issue and do feel the advisor failed to clearly explain things. Zilch is meant to be the experts in the situation and the advisor failed to provide a reasonable explanation as to why £0 had been credited. I can understand why Mr E was distressed with this. He called in to ask a simple question to clarify why his account was showing a £0 refund and the advisor confused the matter further with an unclear answer.

Declined payments

There is limited evidence available as to why payments were declined in February 2025. Mr E has provided a screenshot that shows the two attempts being 'declined', but it adds no further context as to why. Zilch has provided explanations for why these may've been declined, but those haven't been confirmed. I appreciate the declines would've been frustrating for Mr E but based on what's been provided, I can't say this was likely down to an error on Zilch's part.

Zilch's handling of the disputes

As I've said above, I don't believe Zilch handled Mr E's query on the dispute with F how I would expect.

In addition, I think its handling on the dispute with M also fell short and was confusing. In the online chat transcripts Zilch says it did raise a chargeback for the dispute with M, when it meant with F. Zilch on other occasions confuses the two disputes and often repeats questions to Mr E that he had already answered.

Mr E also clearly asked for a s.75 claim to be raised and Zilch failed to do this. It has said it made it clear it couldn't proceed because Mr E had utilised the service. But this seems to be in relation to the chargeback, and I would have expected Zilch to have made it clear this was also its position for any s.75 claim. From what I have been provided, I can't see that Zilch acknowledged Mr E s.75 claim request or clearly explained why it didn't believe a breach of contract or misrepresentation had occurred. The final response only talks about the chargeback team so I can see why Mr E believed Zilch was refusing to consider a s.75 claim for him.

Putting things right

Here I do believe Zilch's overall handling of things wasn't as I would expect. It caused confusion and frustration. For this I agree with the investigator that Zilch should pay Mr E £150. I believe this fairly compensates him for any distress and inconvenience caused."

I invited both parties to respond with new information they wanted me to consider before I

made my final decision. Both Zilch and Mr E disagreed with the provisional decision.

Zilch said it made no sense to award £150 when the actions I said Zilch should've taken in relation to Mr E's dispute wouldn't have changed the outcome of any chargeback of s.75 claim.

Mr E said the dispute with M wasn't about a glass door but a glass wall. He said a wall, unlike a door, is an issue when cleaned to a high standard (as this one was) because it resembles a corridor. This should've been made safe by closing the door to the shower entrance or by being pointed out when a member of M's staff showed him his room.

Mr E said he was induced into staying at M because it's described as a five-star resort that maintains high quality standards. Mr E added he wasn't able to fully utilise his stay as he couldn't leave the room due to a potential concussion and had to stay in bed. Lastly Mr E said the country in which M is in is irrelevant, as health and safety standards are aligned.

Regarding the missing dispute form, Mr E said the transcript from 29 October 2024 referred to in the provisional decision related to his dispute with F and not M. Mr E said that a Zilch advisor confirmed they had received the invoice for M, and that invoice could only have been received if Zilch had received his dispute form. Mr E added that without the dispute form Zilch could never have known about the dispute with M, as it wasn't raised in any calls or online chats with it. Mr E added it wasn't until 27 November 2024 that Zilch asked him to provide evidence he had stayed at M, which he did.

Following the provisional decision Mr E provided further evidence to support his claim. This is what he says was included with the missing dispute form. Mr E wasn't able to provide an image of the glass wall but sent a screenshot from M's website showing the layout of the room. Mr E did provide a photo showing the injury he had sustained and provided a copy of M's Quality, Food Safety & Environment Policy showing the hotel states it has high quality standards.

Zilch also provided a screenshot of the image that was sent to it as part of the 29 October 2024 transcript.

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.

In this decision I'm going to focus on the issues raised by both parties in response to my provisional decision. 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.

Missing dispute form

Mr E has said that Zilch must've received the dispute form as how else would it have known about the dispute. Mr E has said that the transcript from 29 October 2024 doesn't relate to the issues with M.

As I said in my provisional decision, the transcript from 29 October 2024 shows Zilch asking for proof of purchase and Mr E sending an image. Zilch has now provided the image that was sent, and this is a picture of the invoice for Mr E's stay with M. In the transcript Mr E also refers to M as being a 'resort' which would fit the description of M rather than F. So, I remain satisfied that in the chat with Zilch on 29 October 2024 Mr E was raising his dispute with M and not F.

This is why in later chats with Zilch, it was able to refer to receiving the invoice for M and why it was aware of the dispute. I appreciate I said that the further evidence (the picture of pool, picture of hotel bag and welcome message) were also sent on 29 October 2024, but I acknowledge these weren't however provided until Mr E sent them on 27 November 2024.

Taking this into account, I've seen no evidence that Zilch lost Mr M's dispute form and Zilch has said it never received it. Zilch did receive the invoice sent to it on 29 October 2024 and that is what I believe is being referred to in later chats when Zilch advisors refer to Mr E's dispute with M, not that it had his dispute form.

I understand Mr E doesn't agree with this but based on what's been provided here, I can't conclude that Zilch received the dispute form Mr E says he sent. But in any event, I don't think it impacted the outcome of the claim. I say this because even if Zilch had received everything Mr E says he sent, I still don't believe his dispute would've succeeded. I feel he would ultimately still be in the same position he is now. I've explained why below.

Dispute with M

Despite being satisfied Zilch didn't receive Mr E's dispute form, I have considered things on the basis that what Mr E says he sent was available when considering the claim.

Mr E confirmed on a call with the investigator this was the dispute form itself that detailed what had happened, a picture of the room showing the glass wall, a picture of the injuries he sustained and the invoice. He then provided the further three images on 27 November 2024 that I've also taken into consideration when looking at the claim.

I understand Mr E can no longer provide a picture from his actual room. But he has provided a screenshot from M's website that shows the glass wall. So, I've taken it that this is very similar to what the now missing picture would've shown.

Looking at Chargeback, I maintain that this type of dispute doesn't fit the list of reasons codes provided by MasterCard (who ultimately run the scheme). Had Zilch raised it under the "*goods or services were either not as described or defective*" reason code, which is the most likely fit for what's happened here, M would've been able to show that Mr E stayed there and robustly defended the chargeback. Therefore, a chargeback was very unlikely to succeed and so Zilch didn't make an error in not pursuing one for Mr E.

With regards to s.75, I explained why I didn't believe there was sufficient evidence to show a breach of contract had occurred. I acknowledge Mr E's dispute relates to a glass wall and not door and I can see Mr E clearly suffered an injury as a result of mistaking the glass wall for a corridor. But that unfortunately happening doesn't automatically mean there has been a breach of contract.

Mr E says that M didn't make his room safe and therefore the service it provided wasn't carried out with reasonable care and skill. Based on what's been provided here to show that, which is Mr E's testimony of what happened and a screenshot of the room, I don't think that's sufficient to evidence that the room wasn't safe or that M provided the service without reasonable care and skill.

As I said in my previous decision, there are so many variables at play here. With s.75, Zilch isn't able to cross examine witnesses for example and when looking at a claim can only do so with what's provided. And as I've said Mr E hasn't sufficiently evidenced that a breach of contract occurred, and it is for him to show that.

Mr E has said he was induced into staying with M as it details on its website that it maintains high quality standards, so it was reasonable for him to expect that. For me to say a misrepresentation occurred, I would need to be satisfied that Mr E was provided with a false statement of fact.

Aside from the issue with the room being unsafe, Mr E hasn't made any other comments to suggest M provided him a service the fell below what he expected. What qualifies as 'high quality standard' is subjective, but Mr E says his room not being made safe means M misrepresented the standards he reasonably expected to receive. Similarly to what I've said regarding breach of contract, Mr E hasn't provided sufficient evidence that his room wasn't safe and therefore not to the standard expected.

It's clear Mr E suffered an injury in his room, but I don't believe that Mr E having that accident means he was provided with a false statement of fact, as it hadn't been made clear the accident was a result of any failing on M's part.

Taking this into consideration, I'm satisfied that even if Zilch had all the evidence Mr E says he sent it, Zilch wouldn't have upheld a s.75 claim in his favour and so it hasn't acted unfair in not considering his claim further.

Handling of the dispute

Zilch has said the £150 award recommended in my provisional decision makes no sense. It said the outcome to Mr E's claim wouldn't have changed even if Zilch had handled things as I would've expected.

While I agree the overall outcome would've remained the same, I think the journey Mr E went through to get there caused him distress and inconvenience. I don't believe he received the level of service I'd expect across the complaint issues addressed in this decision, not just the dispute with M.

Having listened to the calls Mr E had with Zilch and reading all the chat transcripts, it's clear Mr E is given conflicting information, often asked to provide details he had already explained, and Zilch confuses the disputes Mr E had raised with it.

Zilch also failed to respond to Mr E request for a s.75 claim to be raised. I appreciate the outcome would've remained the same, but I don't think it fair for Zilch to have not acknowledged and addressed the s.75 claim and explain why it wasn't taking that further under breach of contract or misrepresentation.

So, I still find that Zilch should award Mr E £150 for the distress and inconvenience that's been caused here.

Declined payment and dispute with F

Neither party has commented further on these issues, so I see no reason to deviate from or comment further on the findings made in my provisional decision regarding these.

Putting things right

- Zilch should pay Mr E a total of £150 in compensation for the distress and inconvenience.

My final decision

I'm upholding Mr E'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 E to accept or reject my decision before 24 October 2025.

Paul Blower
Ombudsman