

The complaint

Mr C complains that he hasn't received refunds he was due from Zilch Technology Limited (Zilch).

What happened

On 18 March 2025, Zilch issued four refunds totalling £93.65 to Mr C's linked account held at a third-party bank. Three of the refunds were for £23.41 and the fourth was £23.42. Later in March 2025, Mr C contacted Zilch as the refunds hadn't credited his account. Zilch initially explained the refunds had been processed on 18 March 2025 and asked Mr C to allow up to five business days for the funds to be credited. Mr C raised a complaint when the refunds still hadn't been received.

Zilch responded on 2 April 2025 and said it had correctly sent the refunds to the bank account used to originally make the purchase. It therefore recommended Mr C contact the third-party bank for further help as it has no more control over the refunds after processing them.

Mr C complained to the third-party bank who issued a final response in May 2025. In this the bank confirmed it returned the refunds back to Zilch's acquiring bank and no longer held the funds. The third-party bank added the refunds had been received but as Mr C's account had been closed since late 2024, it wasn't able to credit them. It therefore provided Mr C with four chargeback references and said these needed to be given to Zilch who can then contact its acquiring bank and arrange for the refunds to be processed to an alternative account.

Mr C therefore contacted Zilch again and provided the final response the third-party bank had issued. Zilch responded on 12 June 2025 and said it had processed the refunds successfully, despite the account with the third-party bank being closed. It said the third-party bank should be able to assist in retrieving the funds.

Unhappy with this, Mr C referred his complaint to the Financial Ombudsman Service. One of our investigators considered the matter and said while Zilch had shown it had initially processed the refunds, Mr C's third-party bank had confirmed it had returned the funds to Zilch's acquiring bank. The investigator said Mr C therefore hadn't received the refund he was due and had exhausted his options to try and get the refunds himself. Given this the investigator recommended that Zilch refund Mr C the £93.65 and pay an additional £50 in compensation for the distress and inconvenience caused when Zilch failed to assist following Mr C supplying the final response from his bank.

Mr C accepted this, but Zilch didn't. Zilch reiterated it had issued the refunds and not received any returned payments from Mr C's bank.

As Zilch 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.

Zilch has said that it processed the refunds correctly in March 2025. That however doesn't appear to be in dispute. Mr C's bank has confirmed it received the refunds but wasn't able to apply them as the account was closed. It isn't clear why Mr C's bank returned the payments via a chargeback. But given its created reference numbers to provide to Zilch's acquiring bank, explained Mr C's account with it is closed and so couldn't be credited and confirmed to Mr C it no longer holds his funds, I see no reason to doubt what it's said. I note Zilch has said it hasn't had the refunds back. It's possible here the funds are being held with Zilch's acquiring bank.

But in any event Mr C is Zilch's customer, and I think he has shown enough evidence that he hasn't received the refunds he was meant to get from it and has already waited a considerable time. I therefore agree with the investigator that Zilch should reissue the refunds to Mr C and do so to an account of his choosing. Zilch and its acquiring bank can then work with Mr C's third-party bank to locate the missing initial refunds that were sent. Once located, these would then be kept by Zilch, given it would've reissued the refunds to Mr C. The chargeback references to assist with this have already been provided to Zilch in the final response from Mr C's bank.

The investigator recommended Zilch also pay Mr C £50 for the distress and inconvenience caused by its failure to assist him after he supplied the final response from his bank regarding it returning the refunds. Zilch said it had processed the refunds, which as I've said wasn't in dispute. I agree Zilch could've done more here to assist Mr C when it was evidenced that he hadn't received the refunds. It's clear the missing money was causing Mr C distress and given the lack of assistance provided, I'm satisfied the £50 recommended is fair in the circumstances of this complaint.

Putting things right

- Zilch should refund Mr C £93.65 to an account he chooses.
- Pay £50 compensation for the distress and inconvenience caused

My final decision

I'm upholding Mr C'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 C to accept or reject my decision before 8 December 2025.

Paul Blower
Ombudsman