

The complaint

Mr W complains that ZILCH TECHNOLOGY LIMITED ('Z') did not dispute or block certain transactions for him.

What happened

The facts of this case are well known to both parties so I will only summarise them briefly. It reflects my role resolving disputes with minimum formality.

Mr W contacted Z on 28 January 2025 to raise a claim in respect of several transactions he made to an online merchant ('the supplier') using his Z virtual card over the course of the previous three days or so. Mr W told Z the payments were to a merchant that provides crypto gambling services and he was worried it was a scam. He said he tried to withdraw money from the supplier's client account but was not able to do so.

Z responded and said it wasn't able to progress a chargeback for these for Mr W as they relate to gambling.

Mr W disagrees. He also says that he used Z's service because he expected that its systems would prevent the transaction going through in the first place. And that Z should not have collected the debt while his claim was ongoing.

Mr W wants Z to write off the debt and reimburse him what he has already paid in respect of the transactions in dispute. Amongst other things Mr W would also like £750 for distress and inconvenience, and a removal of any adverse credit reporting.

Our investigator looked into the complaint but did not uphold it.

Mr W has asked for an ombudsman to look at things for a final decision.

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.

I note that after making his complaint to Z in April 2025 about the way it handled his claim for a refund Mr W also explained how he was unhappy with the specific actions of its debt recovery agent. To be clear – that is not something I am looking at as part of this complaint, but if Mr W wishes he can pursue that as a separate matter.

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. This includes the Financial Conduct Authority's ('FCA') Consumer Duty.

I am sorry to hear Mr W is unhappy with the supplier of the service he paid for. I know he has made several accusations in relation to the supplier and says it is acting illegally. However, it is important to note that my decision here is about the actions of Z – and what it should fairly have done for Mr W in its position as a provider of financial services. In looking at how it handled the claim Mr W brought to it I consider the information reasonably available to it at the time, along with the relevant card protections available to Mr W.

Chargeback

A chargeback is a way Z can attempt to get a refund on Mr W's behalf for goods or services he pays for using his card. However, there is no guarantee a chargeback will recover money – and it will be subject to the specific rules of the relevant card scheme – in this case Mastercard.

I know Mr W has referred more generally to Mastercard's expectations for its merchants – but the relevant matter here is not broader compliance expectations between MasterCard and participants in the scheme but the dispute grounds available to Z for it to pursue a chargeback request for Mr W.

I can see that when Mr W got in touch with Z initially in late Jan 2025 he told it that he made payments to a crypto gambling website but also indicated he didn't recognise the name of the merchant on his statement and was worried he had been scammed after reading some online reviews. Z appears to have started looking into things, but the nature of Mr W's dispute was not entirely clear.

It looks like a few weeks later in February 2025 Mr W then provided Z some screenshots showing some correspondence with a gaming website which also indicated Mr W had a balance in his account of around £50. Z looked into things and then told Mr W in early March 2025 that it can't proceed with a chargeback as this was in respect of funds deposited for gambling.

I have considered the specific Mastercard rules and after doing so I think Z treated Mr W fairly in reaching this outcome. I note the rules say in respect of disputes:

For transactions in which value or assets are purchased for gambling, investment or similar purposes: This chargeback right is only available for a transaction in which the purchased value or assets failed to appear in the account agreed to between the cardholder and the merchant.
For the avoidance of doubt, chargeback rights are not available for

- 1. refunds, withdrawals or transfer requests,*
- 2. terms and conditions or account access,*
- 3. winnings, gains or losses, or*
- 4. use or subsequent use.*

I consider that this is quite clear that Mr W's claim regarding withdrawing money (or in relation to money previously staked) would not have a reasonable prospect of success. So prima facie Z was not acting unfairly in declining to take it forward.

Section 75

Under certain circumstances Z can be liable for any breach of contract or misrepresentation by a supplier of goods or services paid for using its credit product. This would be under Section 75 of the Consumer Credit Act 1974 ('Section 75').

It is not entirely clear if Section 75 applies to the transactions here. Both in respect of the way Mr W made the payments to the supplier and for other potential reasons relating to the specific requirements around the cash price of any purchase. But I don't think that makes a difference here in any event. I say that because Mr W did not present persuasive evidence to Z when he made his claim that the supplier had misrepresented its service or breached its contract with him. I note the information Mr W provided showed that he had around £50 credit in his account and that he requested to close his account. But it is also unclear if Mr W was entitled to withdraw this under the supplier's terms (noting there might be certain wagering requirements). Furthermore, it seems the supplier told Mr W that closing his account would void his account balance in any event and he appears to have confirmed this.

I know Mr W has said the supplier misrepresented the transactions as non-gambling to avoid these being blocked. However, a misrepresentation for the purposes of Section 75 is a false statement of fact given to Mr W by the supplier which induces him into an agreement with it he otherwise would not have entered into. So I don't consider Z should have fairly considered what Mr W says here a misrepresentation for the purposes of Section 75.

I know Mr W has mentioned his agreement with the supplier was illegal and therefore void. I don't think that was clear to Z from the information Mr W provided to it at the time of the claim. But in any event this would not necessarily be considered a breach of contract or misrepresentation under Section 75.

In summary, I don't consider Z acted unfairly in respect of Mr W's chargeback claim or (if they apply) his rights under Section 75.

Fraud and blocking the transactions

Mr W later mentioned to Z that the transactions were not authorised. But I don't think it should have treated them as such. It is clear from what Mr W said to Z initially that he agreed to make these for gaming – but had concerns about the supplier afterwards.

Mr W later said to Z he has a gambling addiction so is vulnerable and that he relied on Z blocking the transactions at the outset because they were for gambling which Z prohibits under its terms of use. It appears that the supplier didn't use a merchant code relating to gambling so Z did not recognise it as gambling on its system. While I am sympathetic to Mr W's vulnerability and the challenges he has been facing I am not persuaded that it is Z's fault here that the transactions went through. For completeness, I also don't have persuasive evidence that Z knew about Mr W's vulnerability prior to him making the transactions here in any event.

In summary, I don't think Z was acting unfairly in declining to refund Mr W for the transactions. I know he says that under FCA rules it shouldn't have pursued him for repayment while he was disputing a debt. But I don't agree that Z has acted unfairly here. From an early stage it would have been clear to Z that Mr W had authorised the transactions and that his debt to it was legitimate. The claim he brought to Z was not about the legitimacy of the debt but whether he was able to claim a refund for payments made using his card. Mr W was free to pursue that but it didn't mean he was not required to continue making payments on his account to satisfy his underlying debt. Furthermore, and in any event it became clear relatively quickly that Mr W would not have succeeded in claiming a refund based on the information he presented to Z at the time.

I know Mr W was unhappy with how long Z took to get back to him at times. But I think it gave him an initial answer to whether it could raise the chargeback he requested in a reasonable time. Mr W then sent quite large volumes of correspondence to Z about why he should be entitled to a refund here, bringing up new reasoning – so I can see why it took

longer to follow up.

Overall, I don't think Z has handled things in such a way that would warrant a refund or other compensation. Nor do I consider Z should take steps to alter Mr W's credit file.

Mr W feels very strongly about this case. However, he doesn't have to accept my decision and may pursue matters by more formal means (such as court) if he wishes.

I remind Z that if Mr W contacts it (or its agent) about repaying the outstanding debt it should treat him positively and sympathetically in respect of any financial difficulties he might be experiencing. If it doesn't he might be able to complain about this in the future.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 December 2025.

Mark Lancod
Ombudsman