

The complaint

Miss C complains that Zilch Technology Limited (Zilch) used the wrong payment option on a purchase she made on her account.

What happened

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

“On 16 April 2025, Miss C used her Zilch account to make a purchase with a retailer I’ll call ‘P’. The total price was £695.84. Miss C says she selected Zilch’s ‘Pay over 3 months’ payment option. This option required Miss C to pay 25% of the total price immediately. The remaining 75% would then be repaid 25% a month for three months. However, the payment option used for the transaction was Zilch’s ‘Pay over 6 weeks’. This resulted in an initial payment of £346, around double what Miss C expected.

On 17 April 2025, Miss C contacted Zilch. She explained there had been a technical glitch while enabling her card for the Pay over 3 months payment option. Miss C said she needed the plan switched to the Pay over 3 months option and a refund of approximately £200. Miss C added she didn’t have the available credit limit for the payment to be processed on the Pay over 6 weeks option, so it should never have gone through.

Zilch responded and advised Miss C hadn’t successfully enabled her card for Pay over 3 months and so the payment went through on her default option, which was Pay over 6 weeks. Zilch said the payment was able to go through as it had been ‘boosted’. Given this Zilch said it couldn’t change the payment option. Miss C therefore asked for a complaint to be logged.

On 12 May 2025, Zilch issued its final response. In this it said the matter had been escalated to its technical team who confirmed Pay over 3 months hadn’t been enabled. This caused its systems to apply the default Pay over 6 weeks instead. Zilch wasn’t therefore able to refund the difference in the first initial instalment Miss C had paid. Zilch did however, as a gesture of goodwill, switch the remaining instalments to the Pay over 3 months option.

The following day Miss C responded and repeated that given her available credit limit a transaction of £346 should never have been approved under a Pay over 6 weeks plan. She said this was financially irresponsible. Zilch replied and explained how its boost facility works and why given this the payment was able to go through.

Unhappy with this Miss C referred her complaint to the Financial Ombudsman Service. One of our investigators considered the complaint and said given what Zilch’s technical team had advised, they didn’t believe an error had been made by Zilch in putting the payment option through as Pay over 6 weeks. Regarding the point on the credit limit being insufficient, the investigator reiterated what Zilch had said about the boost facility and that given this Zilch was correct in letting the transaction complete.

Miss C didn’t agree and in summary said that Zilch had provided no evidence she didn’t select Pay over 3 months at the time of making the transaction and maintained that it was processed under terms she did not knowingly select.

As Miss C didn’t agree, the matter has been passed to me to decide.

What I've provisionally decided – and why

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 offers three payment options. Two of these involve paying on buy now pay later (BNPL) terms (Pay over 3 months and Pay over 6 weeks). The other is 'Pay Now' and doesn't involve any form of credit. Zilch has explained that a customer isn't able to have Pay over 3 months as a default method. That can only be Pay Now or Pay over six weeks. For Miss C account Zilch has said the default is Pay over 6 weeks.

Pay over 3 months can only be used when enabled for a specific retailer and transaction. Zilch has now provided a list of the retailers enabled for Pay over 3 months on Miss C's account and P isn't recorded. The list covers the time period of 7 April to 23 April 2025, so is inclusive of when Miss C carried out her transaction to P.

It is difficult here to say for sure what happened at checkout. In cases like this I have to reach an outcome on a balance of probabilities. In this case I have taken into account Miss C's testimony which has stayed consistent. I do appreciate Miss C has said she selected Pay over 3 months and it's clear that was her intention. However, based on the evidence here, I'm more persuaded that even if Miss C did select Pay over 3 months, she didn't fully enable that option for the transaction she made with P. As enabling is required by Zilch for Pay over 3 months, and it doesn't appear that was fully completed, I'm satisfied the payment went through correctly as a Pay over 6 weeks option instead. As that is Miss C's default option.

I've considered Miss C's point that given her available credit, Zilch shouldn't have used the boost facility to override the payment option selected. In this case I don't believe that Zilch did override the payment option. As I've said, Zilch used the default payment method when the Pay over 3 months option wasn't enabled. So, the boost facility being activated doesn't appear to have had impact on the payment option that was used in this case.

I've also looked at whether Zilch acted fairly in using the boost facility, when it meant the initial payment Miss C had to make would almost double. Zilch's terms and conditions explain the boost feature is a discretionary service that a consumer can request. The terms go on to say, "the boost service allows you to make transactions for amounts larger than your available funds".

Zilch has confirmed that Miss C has the boost option enabled on her account. So, I'm satisfied this was something Miss C had agreed to enable and was aware of. Zilch has explained how Miss C can turn this off in the future should she wish. As the boost feature was enabled, and the terms explained how that would impact a transaction where there isn't sufficient available credit, I can't say Zilch was wrong to allow the boost feature to be used and the transaction to still go through. Even if it meant a substantial increase to the amount of the initial instalment that was due.

I acknowledge Miss C has also said that Zilch agreeing to switch the plan afterwards as a gesture of goodwill is it admitting liability. I must respectfully disagree. A business can choose to offer a gesture of goodwill for many reasons, such as attempting to maintain good relations with a customer or because it wants to help and show empathy where it can. It doesn't mean an error has occurred and for the reasons given above, in this case I don't think Zilch's offer to switch the payment option was anything but an attempt to try and help Miss C when she said the situation had left her financially vulnerable."

I invited both parties to respond with new information they wanted me to consider before I made my final decision.

Miss C responded and said she didn't agree. In summary Miss C said Zilch's evidence didn't fully demonstrate that she hadn't selected the Pay over 3 months option. She said even if the enablement step was somehow incomplete, Zilch's system hadn't warned her the repayment option had switched to the default Pay over 6 weeks. Miss C added that given how quickly she raised the issue, Zilch could've rectified things for her to prevent the larger first payment that ended up being taken and that Zilch ultimately hadn't treated her fairly.

Zilch didn't respond to the provisional 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.

I understand Miss C feels the list provided by Zilch doesn't demonstrate she didn't correctly enable the Pay over 3 months option. But had she done so, then I see no reason why P wouldn't have been present alongside the other retailers listed by Zilch where Miss C had enabled Pay over 3 months with. For the same reasons given previously, I find this evidence persuasive in showing that on balance the transaction Miss C made to P wasn't enabled correctly.

Miss C has said Zilch's systems didn't warn her the repayment plan was changing to her default option. But on Zilch's website it does explain that the default purchase setting is how you'll pay when you don't enable your card first. So, while I agree Miss C didn't get a warning the plan was changing to the default Pay over 6 weeks option, Zilch had explained this would happen in situations like that. So, I don't agree it was required to provide further clarity like Miss C has suggested and I don't feel it means Zilch has treated her unfairly.

It isn't disputed Miss C tried to rectify the issue with Zilch shortly after realising what had happened. As a gesture of goodwill Zilch did switch the plan to try and help Miss C after she said this would impact her finances. I don't think Zilch was required to do anything more here, when on balance I don't feel it made an error with initially processing things on the default Pay over 6 weeks repayment option.

I appreciate the points Miss C has raised following my provisional decision and I know she will remain unhappy with what I've concluded here. But ultimately, I remain satisfied with the outcome reached in the provisional decision.

My final decision

I don't uphold Miss C's complaint against Zilch Technology Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 22 December 2025.

Paul Blower
Ombudsman