

The complaint

Miss C is unhappy that she hasn't received a refund from Zilch Technology Limited (Zilch) after her account with it was used fraudulently.

What happened

On 7 April 2025, Miss C became aware of payments made from her Zilch account that she hadn't actioned. As a result, two transactions were debited from Miss C's linked bank account with a third-party provider. One for £257.42 and another for £3. Miss C raised this with Zilch the same day and it advised her it would investigate. On 10 April 2025, Zilch advised Miss C it had found evidence of unauthorised purchases made on her Zilch account. It would therefore refund any instalments already paid towards this to Miss C's bank account.

Miss C enquired further over the next few days regarding the refund. On 16 April 2025, Zilch confirmed the refund Miss C was due had been processed on 14 April 2025 and would take three to five business days for the funds to be received to Miss C's bank account.

Miss C spoke to Zilch again on 22 April 2025 and advised the refund still weren't in her bank account. An advisor said the refund for the fraudulent purchase had been made but the fee refund hadn't been actioned. Miss C reiterated that she hadn't received either. The following day Miss C raised a formal complaint with Zilch. Miss C also provided screenshots of communications with her bank where it confirmed the refund had not yet been received.

On 7 May 2025 Miss C was contacted by Zilch and told her refund for £257.42 had been processed on 14 April 2025 and the Zilch fee had been refunded and would reflect in her account within 10 days. Miss C again said she hadn't received these. On 15 May 2025, Zilch issued its final response to the complaint. In this it said Miss C fraud claim was successfully resolved in her favour and the refund of instalments was processed on 14 April 2025. Zilch acknowledged it had failed to uphold its high standards of customer service and added £15 to Miss C's Zilch rewards balance.

In response Miss C again stated she hadn't received any of the refunds Zilch says it processed and referred her complaint to the Financial Ombudsman Service. One of our investigators considered the matter. They acknowledged Zilch had provided evidence that the transaction was showing as being refunded on its systems and that this refund is processed by being returned to the linked debit card. But said Miss C's bank had confirmed that no refund had been received. The bank confirmed that Miss C had cancelled her debit card and a new one had been created on 8 April 2025 so the investigator asked Zilch if this may be why the refunds weren't showing. Zilch confirmed this would not impact the refunds, so long as the bank account is still open.

The investigator therefore upheld Miss C's complaint on the basis that the refunds weren't received into her bank account. They said Zilch should refund £260.42 (the instalment and fee refund amount combined) and pay Miss C £100 for the time she's been without the refunds and trouble and upset she's suffered. Zilch didn't agree as it felt enough evidence had been provided that showed it had refunded the payments.

As Zilch didn't agree, the matter had 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.

It's clear here that all parties agree Miss C was meant to receive a refund of the instalments and fee that totalled £260.42. Zilch says its evidence shows the amount being refunded and when that happened (14 April 2025). The evidence also shows the last 4 digits of Miss C's card number and Zilch says that's where the refunds were sent to. But ultimately here I'm satisfied Miss C's bank account didn't receive them. I say this because both the bank itself has said there are only two transactions for Zilch on Miss C's account for April 2025, and those are the two debits of £257.42 and £3. So, no refunds. And in addition, Miss C's bank statements also don't show any credits being applied for the amounts in question.

Based on the evidence I've seen no reason why the refunds wouldn't have been credited had they been received by Miss C's bank. Her bank has confirmed there was no block on her account, it said it wouldn't stop an incoming payment and by Zilch's own admission the cancelled card wouldn't have impacted things either.

I don't doubt the evidence Zilch has provided to show the refunds being made. Zilch hasn't however shown me persuasive proof that the amounts it says were sent to Miss C's bank account actually reached it and were credited. So, I'm satisfied something has gone wrong here, which has resulted in Miss C not receiving the refunds she is due.

I don't know how Zilch processes refunds and the steps that involves. It's possible here that a potential technical issue occurred after the refunds were processed, which means they show as being sent and weren't. But as I've said, I'm satisfied Miss C hasn't received the refunds that Zilch was meant to give her.

I think Zilch is best placed to be able to trace where the original refunds are. It's certainly better placed to do this than Miss C is. Miss C has done all she can by raising the matter with both Zilch and her bank. Her bank has said it can't help further as it has no access to check the incoming payment and at present has no way of tracing debit card transactions using an ARN reference. So, I think as the sender of the refunds it would be for Zilch to now investigate what's happened (with assistance potentially from its acquiring bank and Miss C's bank) to try and find the missing funds.

But given the significant amount of time that's already passed from when these were meant to be credited (April 2025), I don't believe Miss C should have to wait any longer. So, Zilch should reissue the refunds totalling £260.42 to Miss C to an account of her choosing. Once the missing refunds are located, these would then belong to Zilch.

I can see why Miss C has been distressed that she might never receive the money she is owed. Miss C is Zilch's customer and despite showing she hadn't received the refunds from it she was due, it said it couldn't do any more to help. This was after Miss C had provided evidence that she hadn't received what she was meant to. I also note that Miss C hasn't been able to use the money and that's caused additional inconvenience to her.

Zilch has also acknowledged it's failed to provide the level of service it expects. Given this, I agree with the investigator that Zilch award Miss C £100 for the distress and inconvenience this matter has caused. I believe £100 to be fair and reasonable in the circumstances of this complaint. For the avoidance of doubt, this is in addition to the £15 that Zilch added to Miss C's Zilch rewards balance.

Putting things right

- Zilch should reissue the refunds totaling £260.42 to an account of Miss C's choosing.
- Pay £100 compensation for the distress and inconvenience caused, this includes her not having access to the missing funds.

My final decision

I'm upholding Miss 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 Miss C to accept or reject my decision before 23 February 2026.

Paul Blower
Ombudsman