

## **The complaint**

Mrs Y is unhappy that Zilch Technology Limited (Zilch) used the wrong payment option on a purchase she made on her account.

## **What happened**

Mrs Y has explained that on 13 August 2025 she used her Zilch account to make a purchase with a merchant I'll call 'Z'. At the checkout stage Mrs Y said she selected Zilch's 'Pay over 3 months' payment option. However, the payment option used was Zilch's 'Pay over 6 weeks'. This option came with a higher fee and meant Mrs Y also had to 'snooze' payments which came at an additional cost.

Unhappy with this Mrs Y logged a complaint with Zilch. Mrs Y then spoke with a Zilch advisor later the same day via Zilch's online chat system. The advisor said Mrs Y hadn't properly enabled the Pay over 3 months option. So, the payment reverted to her default option which was Pay over 6 weeks. Mrs Y replied and said that didn't apply here and she had followed the process correctly with the checkout screen showing Pay over 3 months and the correct fee. The advisor confirmed they would escalate the matter to its complaints team.

On 15 August 2025, the advisor messaged Mrs Y again and said they'd received an update from the technical team which explained the card was enabled before the purchase, but it was cancelled shortly after. Mrs Y said this was factually incorrect and a Zilch card must be enabled in the app before it can be used for an online purchase. Zilch issued its final response later on the 15 August 2025. In this Zilch said it wasn't upholding Mrs Y's complaint as she'd cancelled the card enablement. As a result, Zilch said its system correctly processed the transaction in line with Mrs Y's default Pay over 6 weeks option.

Mrs Y didn't agree and referred her complaint to the Financial Ombudsman Service. One of our investigators considered the complaint and said Zilch had provided a screenshot from its system that showed the enablement was cancelled. They said Zilch had confirmed that in situations like this the default payment option is used. The investigator said Zilch's terms and conditions explain that once you provide the Zilch card details to the merchant the transaction has been authorised and that's why Zilch can use the default payment option.

Mrs Y didn't agree and in summary said Zilch had given contradictory explanations, provided a lack of evidence she'd cancelled the enablement and been inconsistent with its own rules regarding 'default settings'. Mrs Y also added that her complaint handling concerns, and her vulnerability hadn't been addressed. The investigator responded and acknowledged the different information Mrs Y was given but Zilch had explained the card enablement was cancelled and provided evidence to support that. They added Zilch had responded to Mrs Y and while it could've been clearer, Zilch had provided an explanation without any extensive delay.

As Mrs Y 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 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 doesn't appear to be disputed here that Mrs Y did initially enable her card for Pay over 3 months. The issue is that Zilch says afterwards that enablement was cancelled and then the transaction was completed. Mrs Y strongly refutes this. It's difficult for me to say for sure what happened when Mrs Y completed the checkout process with Z for her purchase. But given Zilch has been able to provide a screenshot that shows the enablement cancel request being made, I'm persuaded here that Mrs Y did likely cancel her enablement. I appreciate this action was probably unintentional and Mrs Y clearly doesn't seem to know that's what happened, but I have no reason to doubt the evidence provided by Zilch.

I appreciate Mrs Y disagrees, but on balance I'm satisfied here that the evidence shows while the card was initially enabled, that was then cancelled before the transaction was carried out.

As the enablement was cancelled before the transaction was completed, the payment option of Pay in 3 months couldn't be used. Mrs Y says that when the card isn't enabled in the app, the transaction can't be completed. Zilch says when the card isn't enabled correctly, the payment option will revert to the default terms, for Mrs Y that is Pay over 6 weeks, which is what happened here. I've seen nothing to suggest that switching Mrs Y repayment terms to Pay over 6 Weeks was an error by Zilch.

Mrs Y has explained that she was given conflicting information regarding why her repayment terms were switched. These being initially that the card wasn't properly enabled, and then that the enablement was cancelled. While I do agree Zilch could've been a little clearer initially, ultimately the card wasn't properly enabled, as the enablement had been cancelled.

It's also important to note that the advisor did say that it only looks like the card wasn't properly enabled. So, I don't think the advisor was giving a definitive answer at that time. They also quickly agreed to escalate the matter after Miss Y disagreed and explained she had properly enabled the card. Zilch then responded two days later to provide further clarity. I believe this to be fair in the circumstances and by no means an unreasonable delay.

I'm sorry to hear about the impact this situation has had on Mrs Y. But I'm satisfied Zilch hasn't made an error in this case and treated Mrs Y fairly. It explained why the repayment option had been switched and did so within a matter of days. So, I don't agree it handled things poorly.

### **My final decision**

I don't uphold Mrs Y's complaint against Zilch Technology Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 17 March 2026.

Paul Blower  
**Ombudsman**