

## The complaint

Mr M complains about various aspects of his credit agreement with ZILCH TECHNOLOGY LIMITED.

## What happened

Mr M took out a regulated consumer credit agreement with Zilch on March 2024. In summary he complains that:

- Zilch hadn't provided him with clear information in relation to the fees that were applicable to the account.
- The agreement between Mr M and Zilch was unfair because of Zilch's ability to be able to amend fees, credit limits, and terms with minimal notice, which he says contravenes the Consumer Rights Act 2015.
- Requiring a continuous payment authority (CPA) with threats of account closure upon withdrawal unduly restricts consumer freedom.
- There is no conclusive evidence that Mr M validly consented to all terms of this regulated credit agreement.
- Key rights such as the 14-day withdrawal right (Consumer Credit Act 1974, section 66A) and early repayment without penalty are insufficiently highlighted.
- The burden placed on consumers for refunds from merchants and dispute resolution is excessive.

Mr M said he wanted £5,000 in compensation for financial loss, distress, and inconvenience suffered as a direct consequence Zilch's failure to provide a fair and transparent credit agreement.

Zilch replied to Mr M's complaint; but it didn't think it had done anything wrong, and it explained why.

An Investigator also considered the evidence provided by both parties and they explained why they hadn't seen any evidence to suggest that Zilch had treated Mr M unfairly.

Mr M didn't agree with the Investigator's view; and reiterated the points he had made previously.

Mr M says that these failings caused financial uncertainty (budgeting confusion from unclear fees), emotional distress (anxiety over account restrictions/credit impact), and eroded trust, persisting months post-complaint.

Because an agreement couldn't be reached the complaint has been passed to me to decide on the matter.

## 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.

Having considered all of the information available to me; I don't uphold Mr M's complaint. And I'll explain why below. Before I do that, I want to make it clear that I have read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint. I say this, as I'm aware I have summarised Mr M's complaint, and the responses to the Investigator's view in less detail than he has.

DISP 3.6.1 says:

*The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.*

And DISP 3.6.4 says:

*In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account:*

*(1) relevant:*

*(a) law and regulations;*

*(b) regulators' rules, guidance and standards;*

*(c) codes of practice; and*

*(2) (where appropriate) what he considers to have been good industry practice at the relevant time.*

In practice, this means that while I'm required to take into account the law, I'm not bound to reach the same outcome as the law may say, because I'm required to decide matters on a fair and reasonable basis.

In coming to my decision on this case, I have looked at the agreement Mr M signed electronically in March 2024. And I have covered off each of Mr M's points in turn below:

- Zilch hadn't provided him with clear information in relation to the fees that were applicable to the account.

The pre-agreement information and the terms and conditions of the agreement, in my view, clearly set out what charges would be applied to Mr M's account and when. Mr M says that the information about fees lacks clarity, but he hasn't said why he thinks this; or how he has been impacted by this. Given I think the information I've seen set things out clearly, I can't fairly find Zilch did anything wrong here.

- The agreement between Mr M and Zilch was unfair because of Zilch's ability to be able to amend fees, credit limits, and terms with minimal notice, which he says contravenes the Consumer Rights Act 2015.

The Financial Conduct Authority issued guidance on the point Mr M raises here. In summary, the guidance states that a term in a credit agreement can be varied; and given that there is no defined end to a credit agreement, it would be reasonable for a

financial firm to make changes over time. In Mr M's case, I can see the agreement states that changes may be made to the agreement, but 30 days' notice would be provided in the circumstances set out in the agreement. The agreement also explains that if Mr M doesn't accept the proposed changes, then he can end the agreement; and he will be required to repay any balance owed under the repayment schedule. So essentially, Mr M can refuse to accept changes in the agreement; and by doing so, his account would close – there isn't anything unreasonable about this. I don't find that by Zilch including terms which allow it to vary the contract it has with Mr M to be unreasonable.

- Requiring CPA with threats of account closure upon withdrawal unduly restricts consumer freedom.

Information regarding the CPA was available to Mr M before he entered into the contract. Essentially, the information explains that a CPA is required for repayments. While I accept that some lenders may allow repayments in a variety of ways; it isn't unreasonable that Zilch provide a term that requires a CPA. If Mr M didn't want to agree to this, then he didn't have to take out the account. The information I have seen also states that a CPA can be cancelled at any time by Mr M; but he would be required to pay back what he owes and his account would be closed. This isn't unreasonable in my view.

- There is no conclusive evidence that Mr M validly consented to all terms of this regulated credit agreement.

It appears the agreement was taken out online; and I have seen a copy of the agreement which appears to be signed electronically. It is reasonable for this to be considered as Mr M's acceptance of the agreement, and the terms that are within it. I can't fairly find that Zilch has done anything wrong here.

- Key rights such as the 14-day withdrawal right (Consumer Credit Act 1974, section 66A) and early repayment without penalty are insufficiently highlighted.

The pre-contract information, under the heading "early repayment" states that there is no fee for early repayment. I find this information to be sufficiently prominent; and even if I didn't, there is no fee for Mr M wanting to pay off what he owes early, and therefore it's difficult to see how he has lost out here. In addition to this, Mr M's right to withdraw from the agreement has been set out clearly in more than one section of the information that was available to him – for example, the credit agreement itself and the pre-contract information. I'm satisfied that information regarding early repayment and Mr M's right to withdraw from the agreement were made sufficiently clear to him.

- The burden placed on consumers for refunds from merchants and dispute resolution is excessive.

Mr M has stated that the process for disputing goods purchased is onerous; but he hasn't said why he thinks this. I can see from Zilch's terms and conditions it states that it would be Mr M's responsibility to arrange the return himself with the merchant. Mr M is also required to let Zilch know in its app if he has returned goods to the merchant; and if he has, it said it would suspend the repayments under the agreement until the refund had been received from the merchant. This is a fairly normal process, and I haven't seen anything which leads me to the conclusion that what is required of Mr M under the agreement is excessive or is onerous. I haven't found that Zilch has acted unfairly here either.

Overall, I'm not persuaded that Zilch has acted unfairly or unreasonably in relation to the points Mr M has raised. It follows that I won't be asking it to do anything for Mr M.

**My final decision**

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 May 2026.

Sophie Wilkinson  
**Ombudsman**