

The complaint

Miss B complains that Zilch Technology Limited blocked her account and would not let her close it. Zilch says that was because there was an outstanding balance which Miss B needed to pay before the account could be closed.

What happened

Miss B had a Zilch card. The card enables account holders to pay for goods and services at participating retailers and to repay Zilch in instalments over a six-week period. That is, it provides a form of short-term unregulated credit.

In June 2023 Miss B used the card to make a payment of £247.50. It later applied a refund of £155.70 to that payment, but subsequently said that it refunded too much. That was because the refund should have been applied to a different transaction, made in August 2023. Miss B refused to repay the amount which Zilch said it had overpaid. She referred the matter to this service.

One of our investigators considered what had happened and, on 10 February 2024, issued a preliminary assessment which included the following finding:

“Based on what I’ve seen Miss B was refunded too much, as the £154.57 was refunded across three payments, in addition to the £155.70 which showed as [A] on Miss B’s account. I know Miss B lacked trust that this was correct when Zilch said it in its complaint response, but I can assure her I’ve checked this carefully and this appears to be the case.”

The investigator noted that Zilch had agreed to reduce the account balance by £50, but he recommended that it pay Miss B a further £75 in recognition of its failure to identify and explain how the issue had arisen.

Both Miss B and Zilch accepted the investigator’s recommendation, and Zilch indicated it had made the necessary adjustment and arranged payment.

By the middle of 2025 Miss B indicated that she wanted to close her account. She had not used it since October 2023. Zilch said however that there was an outstanding balance, so it could not close the account. Miss B disputed that, saying that everything had been resolved in 2024. She referred the matter to this service.

After Miss B contacted us, Zilch offered to resolve the matter by closing Miss B’s account with a nil balance. Our investigator initially thought that was fair. Miss B did not agree, however, as she felt she had been chased for payment of money she did not owe. The investigator reviewed the matter and issued a second assessment. He noted that Miss B had said that the agreement reached in February 2024 had not been put into effect; that is, the account balance had not been reduced by £50 and Miss B had not received the additional £75 which Zilch had agreed to pay. He recommended that, as well as writing off the account balance, Zilch should pay Miss B £120.

Miss B accepted the revised recommendation, but Zilch did not; it asked that an ombudsman review the case.

I did that and issued a provisional decision, in which I said:

Because of the way in which the Zilch account operates and the way in which Zilch records transactions, there are no account statements showing an account balance. But there have been no transactions on the account since October 2023 – before the first complaint was referred to this service.

In the assessment of 10 February 2024, however, our investigator made a finding that £155.70 had been refunded in error. It follows therefore that this was the amount which Miss B owed at that time, from which Zilch had agreed to deduct £50

Zilch's current settlement offer is to write off the account balance in its entirety. Whether or not it has already reduced the account balance, therefore, the total it has offered to write off as a result of the confusion arising from the refund is £155.70.

In addition, Zilch agreed with Miss B in February 2024 that it would pay her £75. That is, she would receive that payment; it would not be used to reduce the amount owed on the account – unless of course Miss B chose to spend it that way. Miss B has now indicated that she did not receive that payment, and I have not seen evidence that she did – other than Zilch's assurance to this service that it was processing it. If, for whatever reason, Zilch has not made that payment, it should do so. Otherwise, however, I think that its offer to write off any sums owed and to close the account is reasonable.

I concluded that Zilch should: write off the balance on the account and arrange for it to be closed; remove any adverse credit information which it might have registered against Miss B's name; and either provide evidence of the payment of £75 or pay Miss B that sum. I asked for any further submissions by no later than 27 January 2026.

Miss B indicated that she accepted my provisional findings, but Zilch did not respond by the deadline I had given. I have therefore reviewed the case before issuing this 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.

Because Miss B has accepted my provisional findings and Zilch has not responded to them, I see no reason to reach a different conclusion from that which I reached in my provisional decision. In saying that, I stress that I have considered everything afresh before reaching this decision.

In my provisional decision, I invited Zilch to provide evidence of the payment of £75 it said it had made to Miss B. It has not done so, and I will therefore include the payment of that sum in my award.

My final decision

For these reasons, my final decision is that, in order to resolve Miss B's complaint in full, Zilch Technology Limited should:

- pay Miss B £75;
- write off the balance of the account;
- arrange for the account to be closed; and
- remove any adverse credit information which might have been registered against Miss B's name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 12 March 2026.

Mike Ingram

Ombudsman