

The complaint

Mrs B complains that ZILCH TECHNOLOGY LIMITED (“Zilch”) hasn’t refunded a payment she made under section 75 of the Consumer Credit Act 1974 (“section 75”).

What happened

Mrs B used her Zilch card to pay for three days car hire while she was in America through a company I’ll refer to as “T”. The cost of the hire of the car was listed as \$119USD (\$39.67USD per day). Mrs B was also charged \$67.60USD for a “trip fee”, \$28.86USD for insurance and \$16.02USD in sales tax.

After Mrs B returned the car, T applied additional charges to her Zilch card. These were charges related to fuel, a penalty for smoking in the car, a late return fee and a fee for an additional day of hire. Mrs B disputed these additional charges and that they had been charged unfairly.

As T maintained that Mrs B was liable for the additional charges, she approached Zilch for assistance in getting a refund.

Zilch attempted to obtain a refund for Mrs B by completing a chargeback. However, this was defended by T and Zilch said it didn’t have sufficient grounds to challenge the chargeback further. It said it also considered whether Mrs B could claim under section 75 of the Consumer Credit Act 1974 (“section 75”) but didn’t think the requirements for such a claim had been met.

Our investigator didn’t recommend the complaint be upheld. He didn’t think Zilch’s response to the section 75 claim was entirely accurate but nevertheless concluded that Zilch hadn’t acted unfairly in not refunding Mrs B. In relation to the chargeback, he was satisfied that Zilch had acted fairly.

Mrs B didn’t agree, so the complaint has been passed to me for a 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.

As Mrs B made the payment for the car hire using her Zilch card, I’ve thought about whether Zilch has acted fairly and reasonably in trying to assist her in getting a refund for the additional charges that were applied by T. Zilch had two possible ways in which it could look to help, a chargeback and considering a claim under section 75.

A chargeback is a way for payment settlement disputes to be resolved between card issuers (like Zilch) and merchants (like T). The chargeback process is governed by a set of rules put in place by the relevant card scheme provider, this isn’t something Zilch has any influence over. In some cases, Zilch might be able to initiate a chargeback through the card scheme on behalf of Mrs B (as it did here).

A chargeback doesn't guarantee a refund. The merchant can defend any chargeback attempt by providing evidence to demonstrate the charge was valid. I understand T did defend the chargeback Zilch made. It is possible for Zilch to dispute any defence made by T through the chargeback process and ultimately ask the card scheme to arbitrate on the outcome where an agreement can't be reached. However, there is no obligation on Zilch to do this. I would only consider it reasonable for it to do so where there is a reasonable prospect of success.

I can see that Zilch assessed the merchant's defence of the initial chargeback and concluded it did not have sufficient grounds to challenge the charge further. Having considered what Mrs B provided Zilch and the nature of the dispute, I don't think Zilch's decision not to pursue the chargeback further was an unreasonable one.

Mrs B says that her evidence hadn't been given due consideration. However, even if Zilch had pursued the chargeback further, I haven't seen anything to persuade me that Mrs B's evidence (compared to T's) was so compelling that it would most likely have succeeded at arbitration had it gone that far. Mrs B was asking Zilch to dispute her chargeback under a specific chargeback reason code, but Zilch were correct in telling her that was not the correct code to use. The only applicable code here (which Zilch used initially) I don't think had any reasonable prospect of success following T's defence of the original chargeback. While I appreciate Mrs B will disagree, I don't think Zilch acted unfairly in relation to the chargeback.

I've also considered Zilch's potential liability under section 75. The general effect of section 75 is that if Mrs B has a claim for breach of contract or misrepresentation against T, she can bring a like claim against Zilch as the provider of credit for that contract. There are other requirements that also need to be satisfied for a section 75 claim to be made, and I'm not persuaded those are met here.

One of the requirements is that there needs to be a debtor-creditor-supplier agreement. These are the arrangements that need to exist between the relevant parties in order to make a section 75 claim. The formal wording is set out in section 12 of the Consumer Credit Act 1974, and in summary, says that there needs to be 'pre-existing' arrangements between Zilch and the supplier of the car that was hired.

In this case T did not supply the car. It was supplied by a third party. T operated an online platform which connected Mrs B with potential car hire suppliers. T's costs for providing the platform and sourcing suppliers was charged under the 'trip fee' element of her invoice. Zilch had no pre-existing relationship with the end supplier of the car which is what Mrs B's dispute relates to, so there was no debtor-creditor-supplier agreement for that part of her purchase.

While there was a debtor-creditor-supplier agreement in place for the trip fee element of the purchase (as this was a service provided to Mrs B by T directly), that isn't covered by section 75 for a different reason. This is because the cash price attached to those services is under £100. A section 75 claim can only be made against Zilch for goods or services that had a cash price in excess of £100.

For the same reason, even if there was a debtor-creditor-supplier agreement in place for the car hire itself, that too would also not be covered by section 75 due to the monetary limits. The Sterling equivalent cash price of the car hire was under £100. Therefore, I'm satisfied that Zilch's response to Mrs B's section 75 claim and complaint was fair overall when it concluded that it wouldn't refund her.

Mrs B says that the total booking and contract price exceeded £100 as she paid for it as one

whole package which included the trip fee and car hire. I'm not persuaded by this argument as clearly T and the car supplier provided two distinct and separate services which were set out separately on the invoice. But even if it could be interpreted that it was one global cash price, the section 75 claim would still likely not succeed due to the lack of a debtor-creditor-supplier arrangement in relation to the car hire itself.

For these reasons, I don't think Zilch has acted unfairly or unreasonably in the way it responded to Mrs B's complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 20 May 2026.

Tero Hiltunen
Ombudsman