

The complaint

Miss U complains ZILCH TECHNOLOGY LIMITED trading as Zilch ('Z') failed to refund her transaction fees automatically.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Miss U complains in respect of four transactions she made using her account with Z on the following dates:

21 February 2025 - £104.32

26 July 2025 - £23.30

27 July 2025 – £43.80

29 July 2025 - £23.94

For these transactions she was charged a fee by Z in accordance with its terms and conditions relating to the features of the credit account.

Each of the four transactions got refunded to Miss U by the respective merchants. However, Miss U is unhappy that Z did not refund the associated transaction fees automatically and she had to request this manually.

Z did not uphold the complaint. But it agreed to refund the fees and also provide £50 compensation. Our investigator concluded this was more than fair in the circumstances.

Miss U has asked for an ombudsman to look at the matter. She has also added that the £50 compensation was paid as account credit rather than to her bank account as she wanted.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. This includes the FCA Consumer Credit Sourcebook (CONC). And the FCA's Consumer Duty, which sets high standards of consumer protection across financial services.

I note that since Miss U has complained about this issue she has also complained about several other matters with Z including how it responded to her financial difficulties and vulnerability, and disputed transaction. For clarity, I am not dealing with those issues here as they are appropriately dealt with separately.

I note Z's account terms and conditions do not appear to specify what happens in respect of Z's fees when a transaction which those fees relate to gets refunded. However, I have looked on Z's website, and it explains in the FAQs that:

- fees are generally not refundable, except in certain cases where a merchant cancels an order or fails to complete it; and
- when this occurs the customer needs to get in touch with Z's customer services to arrange a refund.

So while I can appreciate that Miss U was unhappy that fees were not refunded automatically – I can't see where Z would have given her this expectation in the first instance.

I can also see that to get a refund of fees Miss U would have to show the reversals came about due to specific reasons such as the merchant cancelling the order or not completing it rather than some other reason. I can't see where she did that – but I can see that Z refunded the fees anyway. It explained this and its process for fee refunds in its response to Miss U's complaint on 6 August 2025. Which seems more than fair.

I note there appeared to be a delay in processing one of the fee refunds which would have been irritating. But its arguable this didn't warrant further compensation noting my comments above about the circumstances of said refunds.

I note Z in any event agreed to provide £50 compensation, which it confirmed to Miss U on 20 August 2025. However, Miss U has said Z provided this as account credit rather than to her bank account. It appears after paying Miss U in credit Z indicated it would pay it to her bank account but then decided not to. Which is not ideal. However, looking at everything in the particular circumstances here I don't think Z needs to fairly do more noting that:

- Z initially gave Miss U a reasonable opportunity to choose the way she wanted the refund paid to her including her bank account – and she did not respond for some time so Z paid it as account credit;
- Miss U appears to have continued to use her account after and been able to spend the credit – so has benefited from it in any case; and
- the £50 is arguably more compensation than due here any event – noting Z's response to the complaint about fee refunds was broadly fair and reasonable.

I note since Miss U complained to Z about the refund of fees she has said she is unhappy about the content of its follow up response in relation to its processing times for refunds. I don't consider this is material to the issue relating to transaction fees not being automatically credited. But, in any event I consider it broadly accurate for it to have noted that the timeframe for refunding payments for goods and services will be impacted by merchant processing times.

I know Miss U feels strongly about this matter. However, my role here is informal, and she can reject my decision if she disagrees.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss U to accept or reject my decision before 30 April 2026.

Mark Lancod
Ombudsman