

The complaint

A company, which I'll refer to as U, complains that Amazon Payments UK Limited restricted access to their funds. They'd like the funds returned and compensation for the impact.

Mrs O, who is a director of U, brings the complaint on U's behalf.

What happened

Mrs O has been represented throughout the complaint. For ease I'll refer in my decision as though all information has come directly from Mrs O.

In December 2021 Amazon Payments UK Limited (Amazon Payments) deactivated U's account. Amazon Payments informed Mrs O that they'd hold on to U's funds for 90 days. However, after the 90 day period was up – U's funds remained restricted.

Between December 2021 and May 2023 Amazon Payments sent several requests to U asking for identification documents and more detail on the authenticity complaints that were raised. But Amazon Payments weren't satisfied with the evidence Mrs O supplied, so continued to withhold U's funds.

Mrs O wasn't happy with Amazon Payment's decision to restrict U's funds so brought her complaint to our service.

One of our Investigators looked into U's complaint. They asked Amazon Payments for the reason they'd restricted Mrs O's account. Amazon Payments argued that the account had been blocked due to activity which had occurred on U's seller account – and Amazon Payments aren't the legal entity which manages this part of Amazon's services. Instead this was managed by a part of Amazon I'll call A. Therefore they couldn't provide any further details on the reason for the restriction. Our Investigator advised Amazon Payments that he didn't agree – and he thought Amazon Payments were responsible for restricting U's funds. But, Amazon Payments failed to provide any further evidence or reasoning to support their position. So, our Investigator issued a view advising that Amazon Payments should release U's funds and pay 8% interest from March 2022 (when the 90 day period expired) to the date of release.

Mrs O accepted our Investigator's view but Amazon Payments didn't.

In August 2023 Amazon Payments set up a video verification call for Mrs O. Amazon Payments reviewed the evidence they received from Mrs O during the video call, and agreed to release U's funds. The funds were released to Mrs O in December 2023.

As U's funds had been released our Investigator issued a second view asking Amazon Payments to pay 8% interest, on the funds in U's account, from March 2022 to December 2023 – when the funds were released. Mrs O accepted, but Amazon Payments didn't.

So the case was passed to me to decide.

On being allocated U's case I contacted Amazon Payments and advised them that I was satisfied that they were responsible for restricting U's access to their funds. And, without evidence to show why they'd restricted U's access I was planning to direct them to pay 8% interest from the date the funds were restricted, December 2021, to December 2023 when they were released.

Amazon Payments didn't agree, they argued that the decisions regarding the restriction of U's account were made by another part of Amazon, A – not Amazon Payments – and therefore they weren't responsible and shouldn't have to pay 8% interest on the funds.

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.

Amazon Payments are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Businesses aren't obligated to share the reasons for a review with their customers, however they are required to provide an explanation to our service and evidence to support this. Our service can then assess if they've complied with their legal and regulatory obligations, and whether or not they've treated their customer fairly.

Amazon Payments have provided limited reasoning to explain why they made the decision to withhold U's funds. They've argued that U had a seller agreement with A, and they made the decision to withhold U's funds and therefore any restriction isn't Amazon Payments' responsibility. And Amazon Payments don't have access to supporting evidence to show this.

I'm afraid this doesn't mean Amazon Payments' can't or shouldn't provide this evidence to our service. Amazon Payments are authorised by the Financial Conduct Authority (FCA) to carry out payment services in the UK. This allows them to provide payment services – to customers like U. And makes them responsible for any decisions made regarding these accounts – including restricting or withholding funds. This means that even if another part of Amazon, A for example, made the decision to restrict U's account it remains Amazon Payments' responsibility – as the FCA regulated part of the business. It follows, without sufficient reasoning and evidence to support Amazon Payments' decision to withhold U's funds I can't say they've acted fairly.

U's funds have now been released, however they were deprived of access to their funds from 6 December 2021 to 7 December 2023. To compensate for U's lack of access to their funds I'll be directing Amazon Payments to pay 8% annual interest on the funds during this period.

Putting things right

I've not seen sufficient evidence to explain Amazon Payments' reasons for withholding U's funds. I'm satisfied that U were deprived of access to their funds from 6 December 2021 to 7 December 2023. I conclude that 8% annual interest during this period is fair compensation for the impact caused to U.

My final decision

My final decision is I uphold U's complaint, and direct Amazon Payments UK Limited to:

- Pay U 8% annual interest on £21,179.85 between 6 December 2021 and 7 December 2023.

If Amazon Payments considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell U how much it's taken off. It should also give U a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 26 November 2024.

Jeff Burch
Ombudsman