

## **The complaint**

A limited company, which I'll refer to as 'D', is unhappy with the service it received from Amazon Payments UK Limited surrounding a request Amazon made for the trading status of D to be confirmed.

D's complaint is brought to this service by its director, whom I'll refer to as 'Ms S'.

## **What happened**

In February 2020, Ms S registered as a seller with Amazon on a sole trader basis. In November 2021, Ms S contacted Amazon and said that she would like to change her trading basis to that of a limited company. However, this change of trading basis was subsequently not pursued by Ms S.

On 23 November 2023, Ms S provided a business document for a limited company, D, to Amazon. Because D was a limited company, and therefore didn't correspond with the sole trader trading basis that Amazon held on file for Ms S, Amazon requested clarification from Ms S as to whether she was trading as a limited company or as a sole trader.

In response, Ms S sent the first page of her personal tax return for the period April 2021 to April 2022 to Amazon. And Ms S later messaged Amazon and said that she hadn't asked to change her trading status to a limited company and asked Amazon not to do so.

Following this, Amazon sent a series of messages to Ms S asking her to confirm the correct legal entity type for her business (sole trader or limited company).

Amazon then received documents from Ms S which appeared to confirm that she was trading as a limited company, and not as a sole trader as Ms S had said that she wanted her trading basis with Amazon to remain as being. And this prompted further messages to Ms S from Amazon asking for clarification on this discrepancy.

Ms S then received messages from Amazon in February 2024 which explained that no further action was required from her. However, shortly afterwards, at the beginning of March 2024, Amazon confirmed that they did still require evidence of Ms S's trading basis.

Ms S wasn't happy with the service she'd received from Amazon, especially as she had never asked Amazon to update her trading basis from a sole trader to a limited company, so she raised a complaint.

Amazon responded to Ms S and said that they didn't feel they'd done anything wrong by seeking to confirm Ms S's trading basis with her and explained that they still required Ms S to evidence whether she was trading as a sole trader or a limited company. This resulted in Ms S confirming that she was trading as D, a limited company, and her trading basis was updated by Amazon as a result. Ms S wasn't satisfied with how Amazon had handled her complaint, so she referred the complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Amazon had acted

unfairly in how they'd managed the situation, and so didn't uphold the complaint. Ms S remained dissatisfied, so the matter was escalated to an ombudsman for a 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.

Ms S has told this service that she continues to trade as a sole trader and that she only provided documents for D because Amazon wouldn't accept the evidence of her trading as a sole trader that she'd provided to them, meaning that she became frustrated and decided to provide irrelevant documents about a separate and irrelevant limited company 'D' to them.

I'm not convinced by Ms S's argument here, and upon consideration of all the information available to me, I feel that it is most likely that Ms S has been trading as D, a limited company, for some time.

I say this having reviewed the published accounts for D that are available on Companies House website, and which show that from the period beginning 1 October 2022 that D did have business turnover. Additionally, Ms S is listed as the sole director of D on Companies House, and the website of Ms S's business includes the limited company number for D.

It's also notable that the business address given on Ms S's business' website is also given as the registered address of D on Companies House. And the website of Ms S's business also confirms that sales are available via Amazon.

All of which means that I feel that it is reasonable to conclude that Ms S has been trading as D, a limited company, since approximately October 2022.

In further support of this position, I note that Ms S had asked Amazon to update the trading basis of her business to a limited company previously, in November 2021, but that Ms S didn't then proceed with that request. And I note that the first page of Ms S's April 2021 to April 2022 tax return, which Ms S provided to Amazon as proof of her continuing to trade as a sole trader, doesn't cover the period from which I feel that Ms S has been trading as a limited company from.

Ms S has said that she didn't ask Amazon to update her trading basis to a limited company. But there are regulatory obligations impinging on Amazon to maintain accurate records for their sellers, including the correct trading basis. And because Ms S provided information to Amazon in November 2023 that she was trading as D, I feel that it was both fair and reasonable for Amazon to have then pursued this matter as they did – until such time that Ms S confirmed to Amazon's satisfaction what her correct and accurate trading basis is.

I also don't feel that Amazon have caused Ms S any trouble or inconvenience here that they should fairly or reasonably be instructed to compensate D for. I say this because the act of updating her trading basis necessarily entailed a degree of unavoidable inconvenience for Ms S, because she had to provide the relevant documents to Amazon to confirm that she was trading as a limited company. But this is to be expected, and I wouldn't consider instructing Amazon to compensate D for necessary tasks such as this being undertaken by Ms S in her role as D's director.

Additionally, it's difficult not to hypothesise from Ms S's actions and submissions to this service that she was, for whatever reason, reluctant to have her trading basis with Amazon accurately updated to that of a limited company. And I feel that Ms S's attempts to avoid the correct updating of her trading basis with Amazon prolonged what could and should have

been a relatively short process, which isn't something I'd consider holding Amazon accountable for.

Finally, I note that Amazon did incorrectly tell Ms S in February 2023 that no further action from her was required, only to then continue to pursue Ms S for clarification of her correct trading basis shortly thereafter.

Amazon have acknowledged the Ms S received the February messages in error. This is unfortunate, but it was quickly corrected by Amazon. And I don't feel that there was any tangible impact on Ms S in her role as D's director such that any further action is fairly or reasonably merited from Amazon in this regard.

I realise this won't be the outcome Ms S was wanting. But it follows from all that I've explained that I won't be upholding this complaint or instructing Amazon to take any further or alternative action here.

To confirm, this is because it seems reasonable to conclude from all the information available to me that Ms S wasn't trading as a sole trader and was trading as a limited company, and that therefore it was fair and reasonable for Amazon to want to confirm the correct trading basis with Ms S and to then update Ms S's trading basis accordingly.

I hope that Ms S will understand, given all that I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 9 September 2024.

Paul Cooper  
**Ombudsman**