

The complaint

A company, which I'll refer to as B, complains that Amazon Payments UK Limited ("APUK") has wrongly restricted the company's access to its funds.

What happened

B is a seller on Amazon. The company complains that funds in its seller account have been withheld in error by APUK.

Having looked at the evidence, our investigator concluded that APUK hadn't acted unfairly and she didn't think it should be required to take any further action. She gave the following reasons, in summary:

- When holding a seller account with Amazon, the seller enters into a Business Solutions Agreement with Amazon EU SARL ("AEU").
- The seller also enters into a Selling on Amazon User Agreement with APUK. This agreement allows the seller to receive payments for online purchases made through the Selling on Amazon Service and to transfer funds received for online purchases to a bank account.
- The Selling on Amazon User Agreement also sets out the circumstances in which APUK can restrict access to an account balance.
- APUK has explained that the funds have been withheld because AEU has determined that it is required to do so, in line with relevant government legislation. This is in connection with obligations regarding UK VAT on goods sold on online marketplaces. AEU isn't satisfied with the evidence B has supplied regarding its UK establishment. It's important to note that AEU, not APUK, has set out the requirements to determine whether B is UK-established. In this complaint, the actions of AEU are outside the jurisdiction of the Financial Ombudsman Service. This prevents us from considering any complaint about the actions of AEU.
- The investigator was satisfied that APUK has restricted access to B's funds in line with the relevant terms and conditions, given the information provided by AEU. APUK has confirmed that it is only B's VAT liability that it has withheld. Any other funds remain available to the company.
- B suggested that it would agree to paying VAT going forward if APUK reconsidered releasing the funds. But APUK didn't change its position, saying it may be able to release the funds if B provided the information required about its UK establishment. The investigator thought APUK's response was reasonable.

B didn't agree with the investigator's conclusions and asked for an ombudsman to make a decision. B's representative made the following points, in summary:

- Amazon's interpretation of the VAT rules is wrong and it discriminates against small

businesses by adding extra tick-box requirements. The ombudsman shouldn't side with Amazon by using its guidelines.

- APUK is following directions given by AEU, which surely means it's responsible for decisions made against B. Although AEU is another entity, that doesn't mean that APUK cannot be held responsible for its decisions to act.

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.

I'm sorry to disappoint B's directors, but I've reached the same conclusions as the investigator and for largely the same reasons.

We can look at the actions of APUK as a provider of payment services. Its provision of those services is subject to the terms and conditions of the Selling on Amazon User Agreement. Under section 2.7 of that agreement, APUK has broad discretion to restrict transactions to or from a seller's account. In particular, when "(a) we are subject to financial risk" or "(d) any dispute exists involving your Account or transactions conducted in connection therewith". Moreover, section 2.7 also states "We may restrict access to your Account balance for the time that it takes for us to complete any pending investigation or resolve a pending dispute."

Given the unresolved matters between B and AEU concerning VAT on its transactions and AEU's uncertainty about B's establishment in the UK, I'm satisfied that APUK's withholding of funds is in line with the provisions of the Selling on Amazon User Agreement. APUK is entitled to withhold funds in the light of information received from AEU in respect of those provisions. I therefore find that APUK hasn't acted unfairly or unreasonably.

I note that B disagrees with AEU's interpretation of the VAT rules. But, as the investigator has pointed out, the fairness of AEU's approach to VAT rules is outside the scope of our investigation.

B's representative says nothing would be investigated if our approach were followed, because there are always other entities involved, and he gives the example of police investigations. I understand his argument, but the role of the Financial Ombudsman Service is different from that of the police. We are a dispute resolution service – an alternative to the courts – and our scope is restricted by statute to parties who fall within our jurisdiction. In this complaint I have no powers to make a finding on the fairness of AEU's actions.

I don't agree that APUK, when acting on information received from AEU, takes on responsibility for decisions made by AEU. I do however think that APUK can be held responsible for its own actions, which is why I've considered whether it has acted unfairly in restricting B's access to funds. There are two Amazon companies involved here, one (APUK) providing payment services, and the other (AEU) providing seller services such as the website listing and fulfilment. Each has an agreement with the seller. The complaint I'm determining here is about the actions of APUK regarding payment services, under its agreement with B. For the reasons given above, I don't think APUK has acted unfairly in withholding funds under the terms of that agreement.

My final decision

My final decision is that I don't find that Amazon Payments UK Limited has acted unfairly or unreasonably and I don't require it to take any further action to address this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 30 December 2025.

Colin Brown
Ombudsman