

The complaint

U complains that Amazon Payments UK Limited (“APUK”) have unfairly deactivated its account and restricted access to its account balance and stock.

U is represented in bringing its complaint to us by its director, Mr A.

What happened

U is a seller on Amazon. In June 2024, Amazon EU SARL (“AEU”) wrote to U explaining that they had temporarily deactivated U’s account with its stock being held across most of the stores it operates worldwide. They explained this was necessary as they needed to confirm whether U was established in the UK for Value Added Tax (VAT) purposes.

On 27 June, Mr A responded to them by email confirming U didn’t meet the UK establishment criteria for VAT purposes. However, on 10 July, Mr A advised AEU that U did meet the criteria for UK establishment and provided evidence to support this claim. AEU then asked Mr A to provide additional documentation to help them determine if this was correct.

Mr A provided the requested documentation to AEU, however as the information provided wasn’t enough to meet the criteria set by the HMRC, APUK advised him that U could no longer sell on Amazon.co.uk or any European stores.

As a result, Mr A raised a complaint on U’s behalf with APUK. They didn’t uphold the complaint, so Mr A brought U’s complaint to us. One of our investigators looked into the matter but didn’t uphold U’s complaint. He explained:

- By holding a seller account with Amazon, U entered into two separate agreements.
- The first is a Business Solutions Agreement with AEU.
- The second is a Selling on Amazon User Agreement with APUK which allowed U 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. This agreement also set out the circumstances in which APUK could restrict access to an account balance.
- APUK explained that the funds have been withheld because AEU has determined that it is required to do so, in line with relevant government legislation relating to obligations regarding UK VAT on goods sold on online marketplaces. And AEU weren’t satisfied with the evidence U supplied regarding its UK establishment.
- Although there is a close relationship between APUK and AEU, our service can only consider this complaint about APUK, as it is regulated by the Financial Conduct Authority for carrying on payment services, but we cannot investigate the actions of AEU because its activities are outside our jurisdiction. As it is AEU that have set out the requirements to determine whether U is UK-established and AEU who is

withholding U's stock, we can't consider that aspect of the complaint.

In summary, our investigator explained he was satisfied that APUK has restricted access to U's funds in line with the relevant terms and conditions, given the information provided to them by AEU.

Mr A was unhappy with our investigator's outcome. He asked for U's complaint to be passed to an ombudsman for a further review and made the following comments:

- U's concerns are centred around the ongoing retention of its funds by APUK and whether APUK are justified in continuing to hold U's funds.
- U has provided all documents required under Amazon's own VOEC UK Establishment page.
- U has not been contacted by HMRC with any VAT assessment or enforcement notice related to these funds.
- APUK has not provided U with any legal order or formal request from HMRC that would require them to continue withholding its balance.
- APUK may close U's account, but they are obliged to release the balance once any specific legal or compliance hold is no longer in effect.
- There is a regulatory "gap" where APUK claims the decision was made by AEU, and AEU claims the matter falls under APUK resulting in U having no avenue to resolve its case.

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.

Having done so, I've reached the same conclusion as our investigator for largely the same reasons. I understand Mr A will be disappointed by my decision, so I've explained my findings in more detail below.

I acknowledge Mr A's insistence that U has provided all documents required under Amazon's own VOEC UK Establishment page. However, AEU told APUK that the documents provided failed the verification process. And APUK confirmed this in an email to Mr A on 18 July 2024. As such, APUK are required to hold the funds until AEU establishes if there is an outstanding VAT liability owed by U.

This is in line with section 2.7 of the Selling on Amazon User Agreement which 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."

There are unresolved matters between U and AEU concerning VAT on its transactions and AEU's uncertainty about U's establishment in the UK, so 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 in these circumstances.

I know Mr A doesn't think there was a fair evaluation of the documents he provided on U's behalf, but this is in regard to an action taken by AEU, and not by APUK. This therefore falls outside the scope of our investigation because of the jurisdiction restrictions explained by our investigator.

I note Mr A's concerns that there is a regulatory "gap" between what APUK and AEU are responsible for in this case, and he believes this has resulted in U having no avenue to resolve its case. I can appreciate Mr A's frustrations here, however we are not the regulator, that is the role of the Financial Conduct Authority (FCA), so I cannot comment on this aspect of U's complaint.

My final decision

My final decision is that I don't uphold this complaint for the reasons I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 28 October 2025.

Tara Richardson
Ombudsman