

The complaint

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

What happened

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

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.

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

- The Selling on Amazon User Agreement sets out the circumstances in which APUK can restrict access to an account balance.
- APUK has explained that since January 2021, the UK VAT on eCommerce Legislation requires AEU to collect and remit VAT on all business to consumer (B2C) sales for sellers not established in the UK. And as part of its requirements, AEU has asked all its sellers to provide relevant evidence to confirm that it meets certain criteria to demonstrate their UK establishment. APUK has confirmed that if this evidence wasn't provided to AEU, then AEU would conclude that the seller wasn't established in the UK and would therefore be required to pay VAT on their B2C sales, in line with the relevant legislation. According to AEU, M's VAT liability may exceed the funds held in the seller account.
- It's important to note that AEU has set out the requirements to determine whether M is UK established – not APUK. While we can consider this complaint about APUK, as it is regulated by the Financial Conduct Authority for carrying on payment services, we cannot investigate the actions of AEU because its activities here are outside the jurisdiction of the Financial Ombudsman Service. This prevents us from considering a complaint about the actions of AEU, including the requirements for M to demonstrate that it's UK established.
- Considering all the circumstances, the investigator was satisfied APUK has restricted access to M's funds in line with the relevant terms and conditions.

M didn't agree with the investigator's conclusions. Its director made the following points, in summary:

- M is established in the UK and complies with UK VAT rules. It has sent the ombudsman a number of documents in support of its position.
- APUK is an authorised payment institution and is required to handle complaints fairly. It is responsible to sellers under UK law and to review by the Financial Ombudsman Service. APUK cannot evade liability by invoking its corporate relationships with AEU. This would undermine the very purpose of the ombudsman scheme.
- Amazon should be required to act transparently and fairly. At the very least, Amazon should provide a clear explanation of what they are waiting for and how long the process will take.

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 M's director, but I've come to the same conclusions as the investigator and for largely the same reasons. I have little to add to the investigator's arguments summarised above.

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 M and AEU concerning VAT on its transactions and AEU's uncertainty about M'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 appreciate that M has submitted documents to us supporting its position regarding its VAT status and location in the UK. But this is evidence which relates to the company's dispute with AEU. In this complaint I have no powers to make a finding on the fairness of AEU's actions. In my decision, I haven't considered whether AEU has acted fairly in its dispute with M or in its handling of the matter. It's not my role to intervene in a dispute between M and AEU in respect of the documents submitted or anything else. I've considered only whether the actions of APUK are fair.

M's director has expressed concerns about APUK's structure and its relationship with AEU, as regards its legal and regulatory obligations. I can't comment on these matters. I say this because the Financial Ombudsman Service isn't a regulator and has no regulatory powers. Our role is to resolve individual disputes between financial service providers and their customers.

M has pointed to some previous cases investigated by this service. Here I should say that ombudsman decisions are not precedents and I'm not bound by them. In each case, a decision is made considering all the individual circumstances of the complaint. I'm required to form my own view on what I consider to be the fair and reasonable outcome of the complaint. That's what I've done here.

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 M to accept or reject my decision before 19 January 2026.

Colin Brown
Ombudsman