

The complaint

A company, which I'll refer to as M, complains that Amazon Payments UK Limited ("APUK") closed its seller account and wrongly restricted access to its funds.

What happened

M was a seller on Amazon. The company complains that funds in its seller account have been wrongly withheld by APUK since April 2025.

When holding a seller account with Amazon, the seller enters into an Amazon Services Europe 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.

APUK said AEU hadn't received satisfactory evidence about whether M was UK established for the purposes of the UK VAT on eCommerce legislation ('UK VOEC'). AEU had therefore decided the proceeds of M's sales should be withheld until satisfactory evidence on that point was provided. AEU closed M's seller account in August 2025 on the grounds satisfactory evidence had still not been provided. APUK says that M will need to engage with AEU's support terms in order to get the restriction lifted.

M's directors complained. They said M is established in and operates within the UK. It is not VAT-registered because it is below the VAT threshold, and so it cannot provide AEU with VAT returns. M's directors believe AEU has incorrectly classified M as a "non-UK established" seller and has instructed APUK to withhold M's funds based on that false assumption. Their position is that APUK, as the UK regulated payment entity that controls the funds, is responsible for releasing them.

One of our investigators looked at M's complaint but did not uphold it. Briefly, he said:

- APUK has explained that since January 2021, the UK VOEC 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 of its sellers to provide relevant evidence to confirm that they meet certain criteria to demonstrate their UK establishment. APUK has confirmed that if satisfactory 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.
- It is AEU that has set out the requirements to determine whether M is UK established – not APUK.
- The Selling on Amazon User Agreement sets out the circumstances in which APUK can restrict access to an account balance. Which notably includes when it determines that it is required to do so by any governmental entity. AEU has

determined that it is required to withhold M's funds, in line with relevant government legislation.

- He acknowledged that M's directors consider AEU's determination to be incorrect. But the Financial Ombudsman Service cannot consider M's concerns about the decisions AEU has made. We can only consider whether APUK, as a regulated payment services provider, has treated M fairly.
- His view was that APUK had acted fairly when it withheld the funds in M's account. He was satisfied APUK had restricted M's access to its funds in line with the relevant terms and conditions, given the information AEU provided to APUK about M's UK establishment.

M's directors did not accept our investigator's opinion, and so the matter was referred to me.

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, whilst I'm sorry to further disappoint M's directors I have reached the same conclusion as our investigator, for broadly the same reasons.

There is clearly a dispute between AEU and M as to whether M has demonstrated that it is established in the UK. But I can't consider any aspect of M's dispute with AEU. That means I can't consider whether AEU has acted fairly in respect of determining where M is established, nor can I consider whether AEU was right to close M's seller account.

I can look at the actions of APUK as a payment service provider. 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.

My final decision

My final decision is that I do not uphold this complaint against Amazon Payments UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 7 May 2026.

Laura Colman
Ombudsman