

The complaint

D complains that Amazon Payments UK Limited ('APUK') have unfairly closed and restricted access to the funds in its seller account.

D is represented in bringing its complaint to us by its director, Mr S.

What happened

In late 2022, APUK asked D to provide a utility bill to confirm its permanent place of residency as part of an account verification review known as a 'Know Your Customer' (KYC) review.

D provided the documents, following which APUK contacted it in December 2022 to explain D was no longer able to sell on Amazon's UK or European stores as it had failed their verification process.

APUK explained D could access its seller central account for the next 40 days but that any funds in the seller account would be held in case of any claims or chargebacks being presented on the account in the future. APUK said the funds would usually be held for around 90 days but explained they could be held for longer.

This email also explained that D had 30 days to appeal the decision. Mr S says he contacted APUK to ask what he was required to provide to them in order to appeal their decision, but the responses he got from APUK were unhelpful and appeared to be automated.

A further email stated D's selling account had been deactivated as a result of violations of APUK's policies and the account was in a 90-day settlement period. It noted that if D's appeal to have its account reinstated was unsuccessful, it could request a final disbursement at the end of the 90-day period from when its account was deactivated.

In March 2023, APUK contacted D explaining the 90-day settlement period had ended and requests for disbursement could be considered. As such, Mr S sent a request for the disbursement of the funds in D's account. APUK declined the request stating they had determined that D's seller account had been used to engage in 'deceptive, fraudulent, or illegal activity' that harmed APUK's 'customers, other selling partners or store'. APUK said this was their final decision and explained that the funds in D's account would not be paid out to it.

Mr S appealed the decision on D's behalf, however in June 2024, a member of APUK's escalation team confirmed that APUK's original decision had been upheld and D's account would remain closed as APUK hadn't been able to successfully process D's application. They explained no further information would be provided about their decision.

Simultaneously, in April 2024, an unrelated, automated request was sent to D by Amazon EU SARL (AEU) asking it to confirm if it was established in the UK for VAT purposes. D confirmed to AEU that it was UK established and provided identification and a utility bill as evidence. The following day, D was asked to provide AEU with evidence of UK employment

for D's employees prior to October 2022.

D provided documentation to AEU, and there was some back and forth between the two parties over the next few weeks. Ultimately, AEU wasn't satisfied that D had proven it was UK established for VAT purposes. Therefore, AEU presented D with a final tax liability assessment for unpaid UK VAT. As this amount was in excess of the funds being held by APUK in D's seller account in late July 2024, it also requested that APUK enforce a hold on the remaining funds in the D's sellers account to ensure compliance with the UK Vat on eCommerce legislation.

Mr S contacted us in July 2024. He complained that APUK were 'unlawfully and unfairly' withholding the funds in D's seller account beyond the 90-day settlement period. Mr S said D had fulfilled all outstanding orders and followed APUK's instructions to request disbursement in March 2023. He said the VAT issue didn't arise until April 2024, so this therefore didn't justify the prolonged retention of D's funds that began in early 2023.

One of our investigators looked into the matter and having considered the evidence provided by both parties, he concluded that APUK hadn't made any errors, and he didn't recommend that they should be required to take any further action. Below is a summary of his reasons:

- When holding a seller account with Amazon, the seller enters into a Business Solutions Agreement with 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. Which notably includes when it determines that it is required to do so by any governmental entity.
- 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 D has supplied regarding its UK establishment. It's important to note that AEU, not APUK, has set out the requirements to determine whether D is UK-established. In this complaint, the actions of AEU are outside the jurisdiction of the Financial Ombudsman Service.

Our investigator was satisfied that APUK had restricted access to D's funds in line with the relevant terms and conditions, given the information provided by AEU. APUK has confirmed that it is only D's VAT liability that it has withheld.

Mr S was unhappy with our investigator's view and responded with the following points:

- D's complaint is about APUK holding D's funds beyond the 90-day settlement period without valid reason. The issue relating to proving UK establishment for VAT purposes didn't arise until April 2024, which was almost sixteen months since the original retention of the funds in D's account.
- APUK have given contradictory reasons for why they are withholding the funds including a 'failed verification', fraudulent or deceptive activity' and the UK establishment issue.

- APUK's allegation that D has engaged in 'fraudulent or deceptive activity' is unfounded.
- D provided documentary evidence to APUK on two occasions and so didn't see the point of pursuing the UK establishment issue any further as Mr S said there was no benefit in debating that point while the account was already deactivated and the funds in it were being held for another reason.

Our investigator commented on Mr S' point about the funds not being released after the initial 90-day settlement period. He explained that at the end of that period, APUK would consider appeals to release the funds remaining in D's account, but there was no guarantee they would be released.

Mr S requested our investigator allow him some additional time to restart and complete the verification process with AEU, so D could prove beyond reasonable doubt that it was a UK established for VAT purposes.

Our investigator explained he was unable to put the matter on hold but explained to Mr S that the matter could be escalated to an ombudsman for a further review.

Mr S responded to our investigator reiterating the reasons he didn't agree with our investigator's initial view of D's complaint. He asked for the complaint to be referred to an ombudsman, and it was passed to me for a decision on the matter.

I sent my provisional thoughts on the matter to both parties on 21 January 2026 and invited responses from them. I said:

"There are two matters I need to address in this case. Firstly, the current review by AEU into D's VAT liability and establishment in the UK which has resulted in a hold being placed on the remaining funds in D's account. And secondly, a review of the original funds hold applied by APUK during its KYC review.

D's VAT liability and establishment in the UK

APUK are required to hold the funds until AEU establishes if there is an outstanding VAT liability owed by D. This has been explained by our investigator and 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."

Unresolved matters remain between D and AEU concerning VAT on its transactions and AEU's uncertainty about D's establishment in the UK. So, I'm satisfied that APUK's current withholding of the funds is in line with the provisions of the Selling on Amazon User Agreement, as APUK is entitled to withhold funds in the light of information received from AEU in respect of these provisions. I therefore can't say that APUK has acted unfairly or unreasonably in these circumstances.

Additionally, I understand Mr S doesn't think there has been a fair evaluation of the documents he provided on D's behalf, but this is regarding an action taken by AEU, and not APUK. AEU's actions fall outside the scope of our investigation because of the jurisdiction restrictions explained by our investigator. So, I can't make a finding on this aspect of the complaint.

APUK's KYC Review

In March 2023, APUK declined D's request for disbursement of the withheld funds stating they had determined that D's seller account had been used to engage in 'deceptive, fraudulent, or illegal activity' that harmed APUK's 'customers, other selling partners or store'. APUK said this was their final decision and explained that the funds in D's account would not be paid out to it.

Despite numerous requests, APUK haven't provided me with a sufficient explanation as to why these funds continued to be held and why their investigation has taken so long. I'm not disputing APUK's right to close the account, or indeed restrict access to the funds, but I'm not satisfied they had a reasonable right to continue to hold the funds in D's account between March 2023 and April 2024 as I've not been provided with evidence to show me why the funds weren't disbursed before April 2024, when AEU started their review into whether D was established in the UK for VAT purposes.

I should clarify that this doesn't mean I think APUK should return the funds to D at this stage, as there is clearly a legitimate reason (AEU's review) for the funds being held at present. I've no doubt Mr S will consider this unfair, but it would be irresponsible of me to ask APUK to release the funds while the AEU review is ongoing, as it currently appears there may be an outstanding liability for D to pay in relation to the VAT due.

However, without further explanation from APUK as to why the funds were withheld between March 2023 and April 2024, I think it is only fair that D be compensated for the loss of access and use of these funds during that period. If APUK provide me with a valid reason as to why these funds were not disbursed sooner, it may change my mind about the outcome of this complaint."

I told both parties I was minded to uphold the complaint in part and direct APUK to pay D simple interest at a rate of 8% per year on the funds that were held in its account by them between March 2023 and April 2024.

Both parties responded to me. In summary, D said:

"I am content with the provisional outcome and respectfully ask that, unless Amazon Payments UK Limited provides new evidence justifying the March 2023 to April 2024 withholding, the final decision be issued in line with the provisional findings."

APUK didn't agree with my provisional findings. They acknowledged that some of their communications with D regarding the KYC process lacked clarity, however they confirmed D had eight opportunities to appeal the KYC decision between December 2022 and June 2024. And they provided me with additional information justifying the funds being held between March 2023 to April 2024.

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.

APUK has provided me with details and supporting evidence of their reasons for continuing to hold D's funds between March 2023 and April 2024. The rules of the Financial Ombudsman Service allow us to treat certain evidence in confidence – for example if it contains information about third parties, or security details. In this case I'm satisfied that it's appropriate that this reasoning remain confidential. So, while this will be disappointing for Mr S; I won't be detailing it in full here.

Having reviewed this information, I'm satisfied APUK has acted reasonably and in line with the User Agreement, as well as their legal and regulatory obligations. I haven't seen that they acted in an unfair manner, so, I won't be recommending they need to take any action here.

APUK told us they remain open to the possibility of disbursing these funds to D in a compliant manner, so I would suggest that Mr S continues to liaise with APUK and AEU about this matter on D's behalf.

My final decision

I don't uphold this complaint, and I won't be asking Amazon Payments UK Limited to take any action in relation to it.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 9 March 2026.

Tara Richardson
Ombudsman