

The complaint

Mr U complains on behalf of a limited company, S, that Amazon Payments UK Limited blocked access to his funds. He'd like his funds released and compensation for the impact.

What happened

Mr U is the sole director of S.

S had an account with Amazon.

In July 2022 Amazon asked S to provide documents for seller verification. On August 2022 Mr U, on behalf of S, sent in documents to Amazon. However, on reviewing the documents Amazon weren't satisfied with what Mr U provided and they decided to suspend his account. Mr U sent in further documents on 24 August 2022 however Amazon didn't unblock his account.

Amazon informed Mr U that they'd hold on to his funds for 90 days. However, on 8 November 2022 – when the 90 day period was up – S's funds remained restricted.

Mr U contacted Amazon to ask why they still hadn't released S's funds. Amazon advised Mr U that although they'd informed him of the 90 day restriction, they may hold on to funds for longer as per their terms and conditions.

On 14 January 2023 Mr U provided further verification documents to Amazon – however they continued to restrict S's access to the funds.

Mr U raised a complaint with Amazon, but Amazon didn't uphold it – so Mr U brought S's complaint to our service.

One of our investigator's looked into S's complaint. They asked Amazon for more details about why they restricted S's account and what he'd need to provide to allow the funds to be released. Our investigator also shared some documents which Mr U provided our service, which Amazon confirmed they'd already received on 14 January 2023. After sharing the documents Amazon arranged a virtual interview with Mr U to verify his identity on 8 September 2023.

Amazon confirmed that Mr U passed the interview, and they were assessing the documents he sent in. And on 1 November 2023 the funds were released to Mr U.

Our investigator thought that Amazon initially acted fairly in restricting his account and asking for verification documents, however once Mr U provided satisfactory Know Your Customer (KYC) documentation in January 2023 Amazon should have reviewed their position. And released S's funds a week later by 23 January 2023.

Mr U accepted our investigator's findings but Amazon didn't. Amazon argued that they'd restricted S's account to meet their legal and regulatory obligations.

As no agreement has been reached it's been passed to me to decide.

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.

Amazon made its submission to our service in confidence. Our rules permit this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it.

Here, the information (and its source) is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Amazon has treated Mr U fairly. So I'm persuaded I should take it into account when deciding the outcome of the complaint.

Amazon are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened I appreciate why Mr U may have found this inconvenient, but Amazon must ensure they keep their due diligence checks updated at all times.

As part of their review, Amazon asked Mr U for detailed information about the funds in his account and identify verification documents – which they're entitled to do under their obligations. Having reviewed everything, I do think Amazon's requests were reasonable in the circumstances. Ultimately it's Amazon who decide what information they require as part of a due diligence review and they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude Amazon acted inappropriately in initially blocking S's account.

However, although I'm satisfied Amazon's decision to initially restrict S's account was fair, I also need to consider if Amazon should have released S's funds sooner. Having considered this, I think they should have released S's funds *much* sooner than they did. On being provided with verification documents by our investigator Amazon scheduled a virtual interview with Mr U in September 2023. But, Amazon confirmed that they'd received the same documents on 14 January 2023. I can't see why, if Amazon received the documents in January 2023, they didn't organise a virtual interview at this time. I think the virtual interview, and Amazon's KYC checks, should have been carried out within seven days' of the documents being resubmitted. And therefore Mr U's funds should have been released by 23 February 2023.

Putting things right

I think S were deprived of access to their funds from 23 January 2023 to 1 November 2023. I think 8% annual interest during this period is fair compensation for the impact caused to S.

I've considered whether any additional distress and inconvenience should be paid to S. Mr U has mentioned feeling distressed by Amazon's actions, however as a limited company S can't experience inconvenience or distress. Mr U hasn't provided evidence of the impact of the restriction on S's business operations so I can't conclude S is due any further compensation.

My final decision

My final decision is I uphold S's complaint and direct Amazon Payments UK Ltd to:

- Pay S 8% interest on the account funds from 23 January 2023 to 1 November 2023

HM Revenue & Customs require Amazon Payments UK Limited to withhold income tax from the abovementioned interest. Amazon Payments UK Limited should give S a certificate showing how much is taken off if it asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 15 January 2024.

Jeff Burch
Ombudsman