



Small Business  
Commissioner

# Accessing your funds: Online Market Places and Payment Providers

A guide for small businesses





Small Business  
Commissioner

**This document has been prepared to provide general guidance only. Users of this guidance should seek their own legal advice where appropriate.**

The Office of the Small Business Commissioner (OSBC) is an independent public body established by Government under the Enterprise Act 2016 to tackle late payments and unfair payment practices. It supports small businesses to get paid quickly and on time, influences large businesses to improve payment times to suppliers and works with all business to improve the culture of payment practices.



<https://www.smallbusinesscommissioner.gov.uk/>

# | Table of Contents

<b>04</b>	—	Introduction
<b>05</b>	—	Case Study: Cheeky Panda
<b>06</b>	—	Case Study: Second Nature Online
<b>07</b>	—	Selecting your provider
<b>11</b>	—	Why an online marketplace or payment provider may hold your money
<b>15</b>	—	Support for small businesses
<b>16</b>	—	Pledge signatories
<b>17</b>	—	Helpful links

# Introduction

The UK's vibrant landscape of e-commerce and payment solutions provides small businesses with a highly effective route to reach domestic and international markets and provides them the opportunity to get paid promptly for products sold and delivered. The Federation of Small Businesses conducted a survey of small businesses and found that over half (53%) stated that they currently use an online platform as part of their business. Of those small businesses that use an online platform or have done so in the last 12 months, 71% say that platforms are 'important' or 'very important' to their business.

Statista reports that the United Kingdom boasts the most developed e-commerce market in Europe. With the e-commerce penetration rate on the British Isles is nearing the 85 percent mark in 2025 compared to the European average of just under 50 percent. The UK's Fintech sector also accounts for 11% of the global industry[1]. Evidence also shows digital adoption provides opportunities to improve firm-level productivity and business growth and in addition to online sales, platforms may support small businesses to engage with online marketing, e-invoicing and e-payments.

This environment provides UK small businesses with a significant opportunity to utilise the range of online marketplaces and payment providers available to them to start, run and grow their business using their online presence to increase reach, build reputation, learn new skills and lower operational costs. To best take advantage of these opportunities, small businesses need to be aware of the rules and requirements around payments to avoid unexpected delays in receiving revenue from their transactions.

However, while these online market places and payment providers offer clear benefits for small business, there are also times small businesses face difficulty with some of the practices adopted relating to funds due in the course of trading. This can include small businesses accounts being frozen or funds held by the market place or provider being withheld and it is difficult to understand why or how to receive their cash.

This guide offers a brief outline of what small businesses should consider when selecting providers. It identifies the reasons why small businesses may encounter delays, such as having their account restricted or their funds held, when they want to obtain revenue from their transactions. In partnership with a wide range of providers it also establishes a voluntary pledge of payment conduct that online marketplaces and payment providers have agreed to sign up to in order to promote best practice and support small businesses that use their services.



**Emma Jones**  
**Small Business Commissioner**

[1] [Fintech article.great.gov.uk international](https://www.fintecharticle.great.gov.uk/international)

# Case Study: Cheeky Panda

## Chris Forbes, Co-founder, Cheeky Panda

Chris Forbes is co-founder of UK e-commerce success story, Cheeky Panda, which sells sustainable bamboo household essentials into 25 countries. Chris takes payment seriously.

“We sell through Amazon (UK, EU, USA), eBay, Ocado, and a range of smaller independent eco-focused online stores. We also work directly with retail partners who have their own online channels. When we sign up to marketplaces, we give the T&Cs a good skim, focusing on the important bits — like making sure goods only transfer once we’ve been paid. We don’t need to memorise every clause, but we make sure the key commercial protections are in place.”

Chris finds that most payments run smoothly with occasional delays caused usually by technical issues or account checks. When things don’t go so well, Chris and the team take rapid action.

“We get onto it straight away, open a case with the platform, send over whatever they need, and keep chasing until it’s sorted. We also run CreditSafe checks on companies before trading so we know they’re financially stable and able to pay. If payments are overdue or above agreed credit limits, we’ll hold back goods or speak directly with the company’s CFO to resolve matters quickly and professionally.”

As with every other trading small business, prompt payment is key to a good growing concern.

“Our partners are very important to us — it should always be a two-way street. In business, cash is king, and cashflow can kill smaller companies even if the fundamentals are strong. Prompt payment keeps both sides healthy, allowing us to provide great products through great marketplaces. When payments are on time, everyone wins — we can reinvest into innovation, marketing, and sustainability, and our partners can rely on a healthy supply chain.”



# Case Study: Second Nature Online

**Karen Riddick, Founder, Second Nature Online**

Karen Riddick not only sells her own product range online through her business, Second Nature, she also trains and coaches other small businesses who are looking for online success.

“I personally trade on Amazon UK, Amazon EU, Etsy, Ebay, Faire, Wayfair, B&Q and Ankorstore. When I sign up to new marketplaces I read the policies, performance metrics, standards, compliance requirements etc and then get to grips with the rest once I’m up and running. I make sure I understand payment terms as a minimum.”

Karen has experienced issues where disbursement of sales income has stopped without explanation and she has had to contact the platform for updates and answers.

“Aside from major events when platforms change payment terms, e.g. to switching to disbursement 7 days after confirmed delivery which can cause issues for sellers, equally disruptive is the problem of reverification e.g. of a bank account because this may see funds put on hold for enough time to cause problems.

Other things may prevent marketplace disbursement, for example one marketplace stopped paying out whilst waiting for an updated product liability insurance policy (that I had already submitted) and this took a short while to resolve. Marketplaces will also put funds on hold if a case is opened by a customer. This is understandable but irritating when the customer is falsely claiming something. Marketplaces will also refund customers for reasons which do not stand up. Whilst this may be low level in the grand scheme of things it counts as lost payment rather than delayed payment.”

When it comes to dealing with the issues, Karen flags the amount of time it can take (which is why we are pleased to include in the pledge on page 15 a commitment to work with the Office of the Small Business Commissioner to resolve cases at pace.)

“These days most things are managed by opening cases and marketplaces can be slow with case handling. I have resolved most of my withheld payments but it can take a disproportionate amount of time especially when there is rarely a human being to speak to.”

Karen knows from her work with small firms the vital importance of prompt payment.

“The regular disbursement schedules used by marketplaces become a steady aspect of monthly cash flow for small businesses - hence when this schedule is disrupted for reasons that are slow or difficult to resolve, it can present a major headache - often triggering the need for emergency short term borrowing.”



# Selecting your provider

When it comes to selecting marketplaces and payment providers, it is important to **do your research** and look at where others in your industry are selling and how they are performing. The Federation of Small Businesses has published an introduction to selling on [online marketplaces](#), and guides to E-commerce. Trade sites can be a helpful source of marketplace and payment news, complete with seller guides and top tips.

Marketplaces often host **seller forums** or community spaces where you can connect with other small businesses and share information and experiences on that marketplace. These groups can allow you to make connections and ask any questions you have about trading with a particular platform.



Before signing up, make sure you **read the terms and conditions** and review the online marketplace or payment provider's policies. Even if you don't believe they are relevant to your current business operations, these are the terms you are agreeing to as your business changes or grows. It's a contract that you are agreeing to abide by and therefore the contents will determine any future potential disputes. These will set out the conditions under which online marketplaces or payment providers may restrict your account or withhold your funds including any standard reserve policies.

Every marketplace or provider is different when it comes to **fees and charges** so check these ahead of making your decision. These fees may change, including if your businesses changes or grows, and so it is important to be aware of all the potential fees you could be liable for.



The types of fees could include:

### Online Marketplace Fees

- Listing Fees: Charged for listing a product for sale, regardless of whether it sells.
- Final Value Fees / Commission: A percentage of the sale price taken when an item sells.
- Subscription Fees: Monthly or annual fees, including for advanced services like premium seller accounts or storefronts.
- Advertising Fees: Costs for promoting products within the platform (e.g., sponsored listings).
- Shipping Fees: Charges for using the marketplace's shipping services or label printing.
- Refund Administration Fees: Deducted when a refund is issued to a customer.
- Currency Conversion Fees: Applied when transactions involve foreign currencies.
- Storage Fees: For marketplaces offering warehousing (e.g., Amazon FBA).
- Penalty Fees: For policy violations, late shipments, or poor performance metrics.

### Payment Provider Example Fees

- Transaction Fees: A percentage of the transaction plus a fixed fee.
- Chargeback Fees: Applied when a customer disputes a transaction.
- Refund Fees: Some providers retain the original transaction fee even if refunded.
- Currency Conversion Fees: For payments in foreign currencies.
- Withdrawal Fees: Charged when transferring funds to a bank account.
- Monthly Fees: For premium services or advanced analytics.
- Cross-border Fees: Additional charges for international transactions.
- Micropayment Fees: Special rates for small transactions.
- Recurring Billing Fees: For subscription-based payment setups.





**Returns and disputes policies** - Online marketplaces and payment providers take different approaches to returns and customer disputes policies. Some of these approaches will include withholding particular funds when disputes arise or if there are a high level of returns or unsatisfied customers. This could have an impact on your ability to withdraw funds or could result in fees and charges or your account being restricted. It is important for you to be aware of the returns and disputes policy that each platform you trade with operates.

**Risk profile** – There are some types of business or trading that carry a higher risk to online marketplaces and payment providers. For example, companies with higher value sales or sudden large increases in revenue may be seen to have higher risks, as may companies transacting with certain countries or with certain products. Understanding a platform's approach to managing these risks can help you to understand where or how accounts may be restricted or funds withheld.

Many sellers choose to trade through multiple marketplaces and payment providers. This could be to **diversify risk**, build their customer base or offer different products. Small businesses might select to test trade on a number of providers and then focus efforts on where you are seeing most traction or the one that most suits your preferences.



**Monitor your compliance** with policies and performance measures regularly. Non-compliance with policies or a drop in performance (for example, seeing an increase in customer returns) could result in funds being withheld. Keep on top of notifications you receive from the marketplace and familiarise yourself with the performance measures available to help you spot issues early and plan ahead.

**Planning ahead** can help you avoid situations in which you have cashflow problems as a result of having funds withheld. This could include identifying alternative sources of finance just in case your funds be held unexpectedly, holding a cash reserve, monitoring key aspects that could result in funds being withheld, such as returns, and considering the impact of expanding into specific markets.

**Have your documentation in order.** You may be asked to provide a range of documentation by a provider to confirm your identity. This could be when you sign up for the provider, or as part of them undertaking required checks. By ensuring that your documentation is in order and readily available, this will help to speed up any check the providers need to undertake. This could include personal identification, as well as registration for your business at Companies House or with HMRC.



# Why an online marketplace or payment provider may hold your money

There are a number of pieces of legislation, as well as regulatory bodies, which seek to ensure fairness in relation to business dealings, consumer protection, payment processing, tax and online safety or to ensure money transfers are made for legal purposes. These can provide small businesses with support in dealing with issues relating to online marketplaces and payment providers. They can also place requirements on online marketplaces and payment providers, as it may constitute regulated activity. Regulated firms must identify and verify the identity of customers, monitor transactions and carry out risk-based due diligence before establishing business relationships and during the course of the relationship. Compliance may result in them implementing processes that impact small businesses through restricting accounts or withholding funds. The regulations that could apply online marketplaces or payment provider include:

**Unfair Contract Terms Act 1977** - The Unfair Contract Terms Act (UTCA) 1977 stipulates that clauses are deemed to be unfair if they are unreasonable, taking into account certain factors such as the bargaining power of the parties, the remedies offered common terms within the trade and legal advice was given prior to signing the contract. With business to business contracts the threshold of what is unreasonable is relatively high.

**Competition and Markets Authority** - The CMA now has bespoke powers to ensure the most powerful technology firms treat businesses and consumers fairly. As an independent regulator, the CMA is responsible for deciding which tech firms to designate as having strategic market status and bring within scope of the digital market regime.



**Money Laundering Regulations** – Some online marketplaces and payment providers maybe required to undertake certain due diligence measures to check that businesses are who they say they are. This can include asking you to provide identification. Full details of these requirements are available [here](#).

**Know Your Customer** - More specifically within Anti-Money Laundering requirements, companies that deal with financial transactions are required to undertake more stringent Know Your Customer (KYC) processes. Full details [here](#).

**VAT registration** – Depending on the online marketplace or payment provider, they may be required to confirm whether businesses are UK established for VAT purposes. This is to ensure that the correct party pays VAT and this is collected and returned to HMRC in the correct manner. Depending on the nature of your business and the providers you work with, it may be your responsibility to pay VAT or the responsibility of the provider. Full guidance is available [here](#).

**Fraud prevention** – Online marketplaces and payment providers implement checks and processes to ensure that sellers are legitimate in order to protect their consumers from fraud. Some fraud prevention measures will include withholding funds for short periods in order to ensure transactions are not fraudulent. These are often called reserve, cool off or delivery day policies. The Financial Conduct Authority encourages good fraud prevention measures in its Financial Crime Guidance which sets out good practice businesses should adopt to minimise their risk from fraud. This is available [here](#).



**Companies operating in retail financial markets are subject to a specific regulations, these include:**

**Payment Services Regulations 2017** – This requires UK based payment service providers to be authorised or registered with the Financial Conduct Authority (FCA). More information about PSR 2017 can be obtained at the [FCA website](#).

**Financial Conduct Authority** – The FCA published a new Consumer Duty in July 2022, which sets the standard of care that firms should give to customers in retail financial markets and applies to the ‘retail customer’. The Consumer duty applies to how merchant acquirers provide payment services to micro-enterprise businesses with an annual turnover and/or balance sheet total not exceeding €2 million (or sterling equivalent) and employing fewer than 10 people; and small charities with a turnover of less than £1 million. Further details on the [Consumer Duty are available here](#).

**Financial Ombudsman Service** - If a retailer is unhappy with their acquirer’s service or a financial product, they may complain to their provider, and if they’re not happy with the response, they may be eligible (if they are a small or medium sized enterprise) to ask the Financial Ombudsman Service to adjudicate their complaint. When assessing complaint, Financial Ombudsman considers variety of rules, regulations and practices, including the Consumer Duty. [For businesses – Financial Ombudsman service](#)

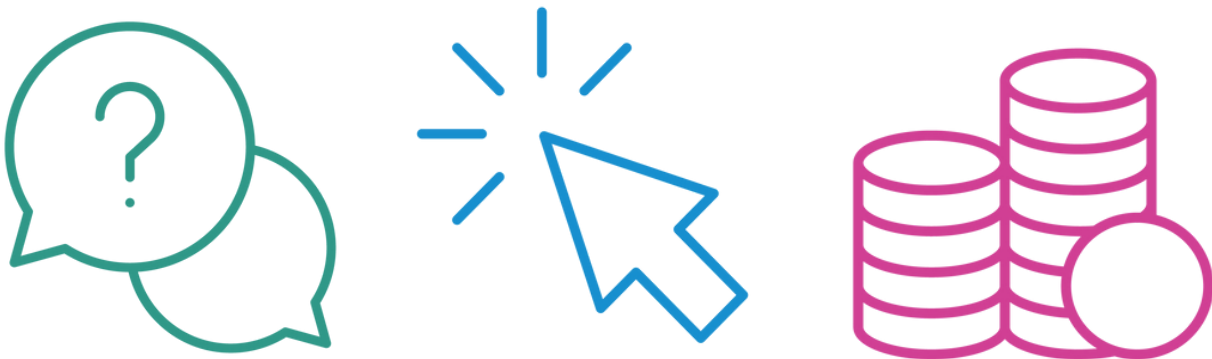
**Online marketplace are subject to specific regulations:**

**Platform to Business Regulations** The regulation imposes transparency obligations on online platforms in their relationship with business users that offer goods or services to consumers through such a platform. It aims to make the services provided by platforms and the applicable conditions more predictable, so that business users can organise their business operations accordingly. The Regulation is also supported with mechanisms for dispute resolution through [The Online Intermediation Services for Business Users \(Enforcement\) Regulations 2020](#).



What this means in practice is that online marketplaces and payment providers may adopt a range of measures at their disposal that **result in your account being restricted** or funds due to you withheld from your business. It is important to remember that different providers adopt different practices. Each marketplace and provider's policies should set these out in the terms and conditions, and they should be available any time.

If your account is put on hold, refer back to the policy and terms to understand the hold duration and any action you can take to shorten the time of the suspension. You may have received instructions from the marketplace or provider on what steps you need to take. You should follow these instructions closely. Each online marketplace and payment provider has a seller support team who will be able to help. If the problem persists, contact the case team at the Office of the Small Business Commissioner with details offered at the end of this guide.





# Support for small businesses

## Online Market Places and Payment Providers - Small Business Pledge

While funds will generally be withheld from small businesses for legitimate purposes and legal reasons, we recognise the impact of these regulations and associated processes can have on small businesses that use our services. To ensure sellers have the most positive experience when it comes to selling online and getting paid within standard payment times, the online marketplaces and payment providers listed below (signatories) have come together to agree on a voluntary set of principles.

This is about ensuring that cashflow is not restricted from small businesses unduly and that when disputes arise, they are dealt with constructively and in a timely manner.

### The signatories to this pledge hereby agree to:

1. If accounts are reserved or funds withheld, inform the small business promptly with transparent communication including as far as practical (subject to legal restrictions) information on the reasons for holding funds and timelines for the hold.
2. Provide as clear details as possible as to what steps need to be taken to release funds that are withheld, if permissible under applicable laws.
3. Aim to implement effective and efficient processes to undertake relevant checks, aimed to limit any disruption to cashflow as far as possible.
4. Provide clear terms and conditions around withholding funds and clearly communicate any material changes to sellers.
5. Where investigation shows no legitimate reason for holding funds remain, or where sellers have met all obligations asked of them, ensure funds are released as quickly as practical.
6. Ensure that any decision to impose penalties or require refunds from small businesses is evidence based.
7. Where funds are withheld from a small business, have a process in place to undertake a timely individual case review in response to customer complaints.
8. Enable small businesses to appeal decisions, allowing them to provide further evidence to support their case.
9. Not deliberately target sellers with working capital solutions, outside of general advertising, when funds are being withheld in an attempt to profit.
10. Work constructively with Government and the Small Business Commissioner in promoting this good practice to small businesses.



## Pledge signatories



## Helpful links

- Small Business Commissioner <https://www.smallbusinesscommissioner.gov.uk/>
- Gov.uk guidance for selling online <https://www.gov.uk/guidance/vat-overseas-businesses-using-an-online-marketplace-to-sell-goods-in-the-uk>
- Guide to E-Commerce from the Federation of Small Businesses [E-commerce guides & advice](#) | [Federation of Small Businesses](#), [FSB](#)
- An introduction to selling on online marketplaces [FSB](#) | [An introduction to selling on online marketplaces](#)
- E-commerce guide on StartUps <https://startups.co.uk/websites/ecommerce/>
- Enterprise Nation Guide to selling via Marketplaces <https://www.enterprisenation.com/startupuk-online-marketplaces-guide/>
- GS1UK Knowledge Hub <https://www.gs1uk.org/knowledge-hub/retail>





# Small Business Commissioner



<https://www.smallbusinesscommissioner.gov.uk/>