

Extra charges for non-cash payments

Trading Standards Information

www.southwark.gov.uk

1. Main legal requirements

The price that someone will have to pay is key to their purchasing decision so it must not be misleading, unclear, unintelligible, ambiguous or untimely.

You can charge extra if your customers pay by credit card but consumers must be aware of this if the prices you show do not apply to all the payment methods you accept. In addition you cannot charge more than it costs you to process any particular payment method.

2. How should I inform consumers?

Typically businesses wishing to charge extra for cards achieve compliance as follows;

- Having a notice giving clear details of the circumstances when prices displayed do not apply and,
- Stating the difference in cash or percentage terms between indicated prices and any other prices.

For example, 'credit card sales 75p extra' or '2% extra for credit cards' or '2% discount for cash'.

3. When should this information be given?

The information must be given before any decision to purchase is made. For example

- For oral price indications, for example over the phone, the information should be given orally or in any other manner before the consumer agrees to buy.
- On premises the information should be displayed prominently at entrances and points of payment.

A typical notice could read;

EXTRA CHARGE FOR CREDIT CARD PURCHASES
The marked prices in this store are for payment by cash,
cheque or debit card. If you wish to pay by credit card there
will be an additional 1.5% charge on your purchase.

- In restaurants etc. the information should also be stated on any menus with price indications.
- For mail order and internet sales etc. the information should be given clearly and prominently in the advertisement or page where prices are shown.

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Trading Standards - Environment & Leisure, Hub 2, 3rd Floor, PO Box 64529, SE1P 5LX

Contact centre - 020 7525 2000 **Website** - www.southwark.gov.uk/tradingstandards

Strategic Director of Environment & Leisure – Deborah Collins

4. How much extra can I charge?

The Consumer Protection (Payment Surcharges) Regulations 2012 prohibit traders from charging consumers, in respect of the use of a given means of payment, fees that exceed the cost borne by the trader for the use of such means. Small businesses with less than 10 full time equivalent employees are exempt from this restriction until 12th June 2014. New businesses (started between 6th April 2013 and 12th June 2014) are also exempt until that date.

5. What happens if I don't comply with these requirements?

Failure to comply could result in prosecution for a breach of the Consumer Protection from Unfair Trading Regulations 2008. On conviction the maximum penalties are a fine of £5000 in the Magistrates court or, in the Crown court, an unlimited fine or imprisonment for up to two years, or both.

Enforcement authorities can also seek a court order using the Enterprise Act 2002. A breach of any such order could lead to up to two years imprisonment and/or an unlimited fine.

6. Further information

If you require further assistance, or would like additional detailed guidance, please contact us at the address given.