

Charging Customers Credit Card Fees

Small Business Development Corporation

From 1 January 2003 merchants can charge a fee where customers elect to pay by credit card.

There is no obligation to do so and the merchant must not cause the consumer to believe there is.

The fee is not necessarily related to the fee charged to the merchant by its credit provider; it can be more or less or none at all. If a fee is to be charged then the merchant must notify the customer before entering into the transaction.

The amount in dollars or the percentage to be charged must be disclosed.

Typically in a retail shop, this would be by appropriately placed notices. For other businesses, these notices might appear on quotations, invoices or websites.

What is important is that the customer is made aware of the charge before the transaction is entered into.

Where goods and services are advertised without any reference to a credit card fee, then those goods or services must be sold at the advertised price.

These regulations apply to any goods or services, eg Internet and telephone fees. If goods or services are actively promoted, advertisements should clearly indicate if a credit card fee will be applicable, otherwise claims of false or misleading advertising could be made by consumers, regulatory agencies such as the Department of Commerce or your competitors.

The capacity to charge a credit card fee opens the way for merchants to recover these costs. It also creates the opportunity to offer a more competitive service either by holding down or not making such charges at all or perhaps by offering a discount for a cash payment.

The risk to goodwill should always be a consideration in deciding whether to charge transaction fees.

Legal advice should be sought if there are any doubts as to the regulations relating to fees charged for credit card purchases.

For more information contact:

Australian Competition and Consumer Commission
www.accc.gov.au
Infocentre: 1300 302 502

Australian Securities and Investment Commission
www.asic.gov.au
Infoline: 1300 300 630

Department of Commerce
www.commerce.wa.gov.au
Tel: (08) 9282 0777
Advice Line: 1300 304 054

The Law Society of Western Australia
www.lawsocietywa.asn.au
Tel: (08) 9322 7877

For further information and guidance contact:

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This publication is also available upon request in alternative formats such as large print, electronic format, audio, or braille.

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