
Call For Action

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Newsletter

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Consumer Tips

Buyers Beware! Many businesses are now charging an additional fee when you use your credit card instead of cash. According to www.bankrate.com, these fees usually range between two and three percent of the purchase price but could be higher.

It **is** legal for businesses to charge this extra fee in most states, **except Colorado, Connecticut, Kansas, Maine, and Massachusetts**. A June 27, 2023, article written by Raychelle Heath, Personal Finance Contributor, for Bankrate provided the following information:

What is the convenience fee? A convenience fee is charged when a customer uses a form of payment that isn't customary for the business. For example, a business that typically accepts online payments may offer the option to pay by phone for a fee. Convenience fees are legal in all 50 states but must be clearly communicated at the point of sale. Additionally, a convenience fee can only be imposed if there's another preferred form of payment as an option.

What is a surcharge? When a business charges a fee for a form of payment, whether in person, online or by phone, it is called a surcharge. Credit card surcharges are applied when you use your credit card to make a payment. In states where

surcharges are legal, they must be clearly displayed at the point of sale and on your receipt. Regulations for surcharges are U.S.-specific, and merchants are prohibited from imposing surcharges on card payments abroad (with the exception to this rule being Canada).

Your options are to continue using your credit card and pay the additional fee at those businesses, stop shopping at those businesses or pay for the purchase with another acceptable option, such as cash, debit card or check.

Many credit cards offer rewards based on the dollars spent, which you can use to get cash back, pay towards the credit card balance, request gift cards, or apply towards travel. Call For Action contacted one of the credit card companies verify how the additional fees were managed. A rep from Capital One VISA said the convenience fee or surcharge is considered part of the cardholder's total purchase, so it is added to the rewards calculation. However, each cardholder should check with their credit card company to confirm how additional fees affect the cardholder's reward calculation if they earn rewards.