

New Credit Card Surcharge How does this affect you?

This change now allows merchants in 40 states to pass on a surcharge to customers that choose to pay with credit cards. This charge is capped at 4 percent and retailers may only charge enough to cover the processing cost, which is usually about 1.5 to 3 percent of the total purchase.

For example – if you purchase an HD TV for \$400, the merchant may choose to assess up to a \$16 surcharge.

This fee will not apply to debit cards (PIN or signature based transactions) or prepaid cards – only credit cards. Merchants and processors can easily distinguish debit card transactions from credit card transactions based on the BIN on the card.

The following 10 states prohibit the new surcharge: California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas.

Not all retailers are pleased with the settlement that led to the new surcharge. Walmart, Target, Best Buy and Home Depot – to name a few – have announced no intention to assess this fee to their customers and believe passing this on would be unfair to their customers.

The good news – any retailer assessing the fee is required to have signage indicating the fee will be charged and the fee must be clearly printed on the customer's receipt.

Customers may choose to use their debit card, pay cash or write a check to avoid being assessed these fees at select retailers.

