

Payment surcharges for consumers

- A surcharge is an additional cost to you where you select a payment method that is more expensive for a seller to provide, such as credit card or contactless debit card
- Where a seller provides multiple payment methods it is your choice which payment to use but there may be surcharges added to higher cost payment methods.
- You must be informed of any surcharge before you pay and be made aware of cheaper ways to pay where available.
- In many situations sellers will have payment methods that don't attract a surcharge such as allowing you to insert or swipe your debit or Eftpos card.
- If you consider you have been misled about a surcharge you can make a complaint to the Commerce Commission.



What is a Surcharge?

Different products cost different amounts and the same is true with different payment methods.

Where there is an extra cost to the seller for providing a payment method, there might be an extra cost to you for using that method.

This is a payment surcharge.

In practice, this is the additional fee you may come across when using a higher cost payment method such as your credit card or contactless debit card to make a payment.

There are payment methods that should not incur any surcharges, such as when inserting or swiping your debit or Eftpos card.

This is because there is no additional cost to the seller for using these payment methods.

Should I pay a surcharge?

Ultimately it is up to you which payment method you use.

When deciding whether to pay a surcharge it is important to understand if the benefits of using that payment method are worth the surcharge. Different payment options will offer you different benefits, some speed, others reward points or free credit.

There may still be benefit in paying a surcharge if the benefit outweighs the cost. For example, if you receive \$1 in reward-points for every \$100 spent, but the surcharge is less than 1%, you will earn more in rewards than you will pay in surcharges.

Are there ways to avoid surcharges?

We expect sellers to offer at least one payment method that does not incur a surcharge.

With in-person card payments this means you can insert or swipe your debit or Eftpos card, rather than using the contactless function.

If you're paying online we will encourage sellers to provide an opportunity to pay via internet banking where feasible.

Why are there surcharges on contactless debit payments?

While contactless debit card payments generally do not provide rewards points or credit, they do have an additional cost to the merchant compared with inserting or swiping them.

This is why there is sometimes surcharges for contactless debit payments.

This additional cost is due to the technology and different systems that are used to process the contactless payment that are not required when these cards are inserted or swiped.

What information should you see?

If merchants do apply a surcharge it must be clearly displayed, for example, by adding information to their website or placing a sign close to the terminal.

You should be made aware that a surcharge may be payable when you decide which payment method to use, so you can decide whether to pay the surcharge or use a different method.

If you consider you have been misled about the reason for a surcharge, the amount of a surcharge, or that the surcharge has not been adequately disclosed, you can make a complaint to the Commerce Commission through www.comcom.govt.nz/make-a-complaint

Payment Options?

Not all sellers provide every method of payment and not all sellers elect to surcharge.

Some merchants decide not to accept contactless payments due to the extra cost to them (and to you if they surcharge).

Some businesses don't surcharge contactless payments because they benefit from the quicker payment contactless provides. This is generally the case for businesses that are busier such as large supermarket chains.

It is the seller's decision as to what method of payment they offer, and it is your choice as to which of the methods offered you wish to use knowing that some payment methods are more expensive to provide than others.

