

Common Consumer FAQ on Credit Card Surcharging

This list of frequently asked questions is a resource to better help you explain surcharging to your customers. Feel free to keep this on hand for future reference.

What is a surcharge?

A credit card surcharge is an additional fee that a merchant can choose to charge a consumer's bill when they pay with a credit card at the point of sale.

Why are some businesses suddenly adding a surcharge?

Until now, most businesses were not permitted to surcharge. Following a class action lawsuit, Visa and Mastercard are allowing businesses to pass along the cost of processing a credit card transaction to consumers.

Does using my credit card cost a business money?

Each time a customer pays by credit card, the credit card companies charge the business a percentage of the transaction amount as a processing fee. This percentage varies depending on the type of card and the type of transaction. Fees can range from 1.5% to 2.5% or more per transaction and can add up quickly for a small business. Generally, the more rewards your card offers (i.e., travel points, cash back, insurance), the more it costs the business to process your transaction.

Which credit cards will be able to be surcharged?

Merchants can choose whether to surcharge on the credit card brand (all Visa and Mastercard transactions) or just specific types of credit cards that carry a higher merchant fee (such as Elite/Infinite cards that provide the consumer with points or "cash back"). They can only surcharge the amount that they pay as a merchant to a maximum of 2.4%.

Does this change anything when I pay with debit payments?

Merchants have long had the right to add a fee to debit card transactions. This continues to be an option for merchants, save for businesses that operate in Quebec where the provincial Consumer Protection Act does not allow it.

Why do businesses want the option to surcharge?

Credit card processing fees can be very difficult to track and come with a significant cost. Over the years, merchants have seen these costs rise, especially smaller merchants who often pay much more than larger companies to accept credit cards, making it more difficult for them to compete with large companies. Businesses should be allowed to explain to their customers why their prices increase and decide if they will pass this cost to their consumers. Adding a surcharge will allow merchants to cover rising credit card costs and educate consumers about the cost of using credit cards.

Why are you choosing to surcharge?

The answer to this question will vary from business to business, but below we have provided some examples of what you could say to your customers.

- Unfortunately, the cost of paying credit card processing fees was weighing on our small business. If you would like to avoid this surcharge you can choose to pay by debit or cash.
- By surcharging, we are ensuring that the cost to accept credit cards is only allocated to those who elect to pay with credit cards.
- Before surcharging was allowed, this cost of doing business was included in your product/service cost. Now you get to see the cost we take on to process credit cards and can choose to save by paying by debit or cash.
- The credit card companies charge us a fee for each credit card transaction. The surcharge is a way for us to offset that cost. You won't be charged more than our processing fee, and the costs will be broken down on the receipt.
- This is a way for our small business to clearly track our costs to process your credit card payment. Feel free to choose alternative payment methods like debit or cash to avoid the surcharge.

How do I know you're not charging me more than it costs you to process the transaction?

Visa and Mastercard surcharging rules don't allow it. You can find the cost of the surcharge on your receipt.