The rules are changing on using your credit card. As a result of a settlement between retailers (online and regular) and the payment industry, consumers soon may begin seeing retailer or surcharges, or “checkout fees,” when using their credit cards at brick-and-mortar stores or online merchants.

The settlement, reached in July between retailers, nine major banks, Visa and MasterCard, gives retailers the option to pass credit card acceptance costs on to consumers through checkout fees. The preliminary settlement was signed on Nov. 9, making the settlement terms effective in late January 2013.

Over the last couple of years, there have been a lot of changes for consumers at the register. A year ago, the Durbin amendment was implemented, which decreased the cost that retailers pay to accept debit cards, allowing them to pass on savings to consumers if they choose. Now consumers may face credit card ‘checkout fees,’ or surcharges, at the register.

One of the groups that is doing a good job of explaining these changes is Consumer Action. Consumer Action is a nonprofit organization that has championed the rights of underrepresented consumers nationwide since 1971. The organization has dedicated its resources to promoting financial literacy and advocating for consumer rights in both the media and before lawmakers to promote economic justice for all.

Consumer Action has released a brief guide to help consumers understand new and potentially higher costs when they use a credit card at some retailers. As a result of a settlement between retailers (online and offline) and the payments industry, consumers soon may begin seeing an online guide that explains consumer rights and retailer responsibilities, available at knowyourcard.org.
The Know Your Card website includes Consumer Action’s new guide containing information about the states where it is illegal to apply surcharges, disclosures that retailers are required to provide and steps that consumers can take to avoid checkout fees altogether. The guide, entitled Checkout Fees: Consumer rights and retailer responsibilities includes the following information:

- Checkout fees are permitted only on credit and charge cards, NOT on debit cards.
- Checkout fees remain illegal in ten states (California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas).
- Retailers must limit fees to what they pay to accept the card. In the U.S., that is typically between 1.5% and 3% of the total purchase.
- Retailers must provide “clear disclosure” (such as signage) of any checkout fees.
- The disclosure on the receipt must list the amount of the checkout fee, the fact that the retailer is imposing the charge and that the fee is not greater than what it costs the retailer to accept credit and charge cards.
- Checkout fees can vary for different kinds of cards (such as rewards cards or premier cards), so be sure to ask your retailer in advance if different surcharges apply and choose your payment card accordingly.

In addition, the guide highlights steps that consumers can take to prepare for and manage the costs of checkout fees. Some steps are as simple as shopping around for retailers that don’t charge checkout fees or requesting discounts for alternative forms of payment.

The lesson is to watch for the fees to begin a little later this month.

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