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## **Payments in Europe: EU boosts consumer rights**

In what constitutes a welcome move to beef up consumer rights when making payments, the European Commission today revealed new limits on bank fees for card payments and an update of its Payment Services Directive.

Key aspects of today's adopted plans include:

- A prohibition on the many surcharges consumers are currently forced to accept when making a card payment online e.g. when booking flight tickets.
- Data protection, security and liability requirements for non-bank companies who offer online payment services.
- Interchange fees – paid to banks for every card transaction – will be capped at 0.3 and 0.2% of credit and debit card transactions.<sup>1</sup>
- An unconditional refund right for direct debit payments – consumers will be able to ask banks to refund payments where a company does not fulfil its contractual obligations.

A European Retail Payments Board has been established after longstanding calls from consumer organisations to put payment users on an equal footing with banks regarding the Single Euro Payment Area (SEPA).

Monique Goyens, Director General of BEUC, commented:

"Payment methods which are now commonplace, did not exist only a few years ago. When laws do not keep pace, shoppers can lose out. For consumers the equation is easy – they want secure, cheap and simple means of payments. These new laws pave the way for this in the future.

"Interchange fees are a convenient income for banks and card companies. But they prevent new players offering cheaper and more secure solutions from entering the market as it would mean less revenue for banks. Slashing the level of interchange fees should boost innovation and competition.

"That unfair surcharges are to become a thing of the past is good news. Companies have shamelessly used them to reap extra profit from people paying by card. Such practices rightly annoyed Europe's consumers as they essentially punished them when making a payment."

ENDS

<sup>1</sup> For more information on multilateral interchange fees please consult our Factsheet: <http://bit.ly/Zr5ioH>