



The Consumer Voice in Europe

Mr René Repasi
Member of the European
Parliament
European Parliament

BEUC-X-2025-107

19 November 2025

Subject: Protecting consumers in ‘Merchant Initiated Transactions’ by maintaining the unconditional refund right (article 62(1) PSR)

Dear Mr Repasi,

I am writing to you on behalf of BEUC, The European Consumer Organisation, to express our concerns about the growing calls to remove the unconditional right to refund for merchant-initiated Transactions (MITs) from the Payment Services Regulation (PSR) during the trilogue negotiations.

From a consumer perspective, MITs and SEPA Direct Debits (SDDs) look and feel the same, and they serve the same purpose. In both cases, the merchant initiates the payment, decides when it is taken, and can change the amount without the consumer authorising each transaction.

Consumers do not know whether their payment is processed through a card scheme or the SEPA Direct Debit Scheme, nor would they recognise that there is a difference. What they do experience is a loss of control over what they are charged, because they do not authorise individual payments and the payee can change the amount and frequency.

However, consumers stand to lose out, as MITs offer lower consumer protection than SDDs, and are increasingly being used online. It is important to protect consumers from unfair commercial practices and the risks of MITs, which are likely to only increase in the future.

Such practices include unexpected additional surcharges (e.g. location fees added to car rentals), automatic renewals or upgrades (e.g. a subscription model is modified and charged to the consumer who has to manually cancel or change it, such as music streaming service automatic upgrade to a higher price plan including audiobooks), and hidden costs from pre-ticked boxes (e.g. when subscribing to an online offer, additional services are added via pre-ticked boxes with consumers paying a higher price than foreseen).

Future use cases like AI-initiated contracts and Internet of Things (IoT) devices (e.g. a fridge autonomously buying groceries), will further reduce consumers’ control over their payments, as AI systems will sign contracts or purchase for them.

Under the current Payment Services Directive 2 (PSD2), Article 76 provides only a conditional and narrow refund right, where consumers must prove that the exact amount was

unforeseeable and that the charge exceeded what they could reasonably expect. In practice, this is extremely difficult. The burden of proof lies entirely on the consumer, and merchants often use broad initial authorisations that can justify the charge.

Strong Customer Authentication (SCA) is also not a safeguard in the case of MITs. It is applied only for the initiation of the MIT, and all subsequent transactions take place without further authentication. This does not provide consumers with ongoing control, and in practice, leaves them in the same situation as with a direct debit, but without the ability to obtain a refund.

Chargebacks are also presented as an alternative safeguard, but they are not a legal right. They depend on card scheme rules that can change and are often difficult to obtain. Many consumers are unsuccessful in doing so as merchants point to the initial authorisation. And chargebacks only apply to card MITs, not wallet payments, instant payments, new fintech solutions or future IoT payments.

Merchants are not left without protection either. If they need a guarantee, they can block funds in advance under Article 61 PSR. The consumer authorises the amount that may be held with SCA (e.g. for a no-show, late cancellations, or additional charges) giving them certainty for legitimate charges. They can also use contractual measures in case of misuse.

For these reasons, we call on co-legislators to keep the unconditional refund right for MITs in Article 62(1) PSR, as proposed by the European Commission and the Council. It is a balanced and future-proof measure that reflects how payments work in practice and gives consumers an effective way to regain control over the amounts they are charged.

Yours sincerely,

Agustín Reyna
Director General