businesscompanion
trading standards law explained

Payment surcharges

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In this guide, the words 'must' or 'must not' are used where there is a legal requirement to do (or not do) something. The word 'should' is used where there is established legal guidance or best practice that is likely to help you avoid breaking the law.

This guidance is for England, Scotland and Wales

Whichever methods of payment a business accepts, there are costs associated with handling and processing the payment. Most businesses treat these costs like any other costs, and they simply set prices at a level that is intended to generate an acceptable return or rate of profit.

However, in some cases, businesses have sought to cover or offset the cost of accepting certain payment methods by imposing surcharges on customers who choose to use those payment methods. Businesses are not permitted to impose surcharges for paying by a consumer debit or credit card, or an electronic payment service (this ban does not apply to commercial debit or credit cards).

Surcharges are permitted in relation to other methods of payment, but where surcharges are made to consumers they are governed by the Consumer Rights (Payment Surcharges) Regulations 2012. The Regulations limit charges to consumers who are buying goods and services.

Ban on surcharges

Businesses cannot impose any surcharge for using the following methods of payment:

- consumer credit cards, debit cards or charge cards
- similar payment methods that are not card-based (for example, mobile phone-based payment methods)
- electronic payment services (for example, PayPal)

Application of the Regulations

Note that it is the method of payment, rather than the status of the buyer, that determines whether the ban on surcharges applies. So, for example, if the customer is a sole trader buying for a business but using a personal credit card, the rule applies. If the customer is using a corporate credit card, even for a personal purchase, the rule does not apply.

The ban on surcharges applies to all payments made by the methods of payments listed, whether or not they are in relation to a contract. So it covers not only payments for goods and services, but also taxes, charitable donations and other types of payment.

Restrictions on payment surcharges

Businesses are allowed to make a charge for accepting a payment by any other method - for example, cash, cheques, standing orders and direct debits. However, under the Regulations, if the customer has to pay a surcharge for using a particular method of payment, then that surcharge must not be more than it costs the business to process that method of payment. The Regulations do not specify any maximum amounts, as the costs should reflect the actual cost to the individual business of processing the payment. Businesses should keep records to support their actual costs.

A business can apply the payment surcharge on the basis of the average cost incurred in processing payment by a particular means.

Where a surcharge is made for any payment method, this information must not be hidden. Under Part 4, Chapter 1 of the Digital Markets, Competition and Consumers Act 2024 (DMCCA), businesses must not give misleading information to consumers, nor may they hide or omit information that the consumer needs in order to make an informed decision.

In general, this means that information about the existence and amount of any payment surcharges should be made available to the consumer up front, alongside the main price they will pay. In addition, if such charges are made for a type of product or service or for a method of payment where charges are unusual and are likely to come as a surprise to the consumer, then special attention should be drawn to those charges before the consumer invests their time and effort in choosing a product or starting to place an order.

The Regulations only apply to charges for using a particular method of payment. Businesses are permitted to charge other fees - such as delivery fees, booking fees or administrative fees - as long as these are the same, irrespective of the payment method. For example, a booking fee that is £10, or is 10% of the total price, regardless of whether payment is by cash, debit card or another method, is not a payment surcharge and is not covered by the Regulations.

Note: the price of a product, whether goods, services or digital content, must be quoted inclusive of any non-optional surcharges wherever it appears and always before the consumer takes any action towards making a purchase - for example, adding a product to an online shopping basket, or taking a product to a till in a shop.

Application of the Regulations

The restriction on the amount of a payment surcharge, where a charge is permitted at all, only applies to contracts made between businesses and consumers, and not to business-to-business contracts.

A consumer is a person who enters the contract for purposes that are wholly or mainly outside the person's trade, business, craft or profession.

A business is a person acting for purposes relating to that person's trade, business, craft or profession, whether they are an individual, partnership or an organisation.

The restriction applies to contracts however they are made and regardless of the method of sale. They cover contracts concluded on business premises, contracts concluded away from business premises and those concluded at a distance - for example, a purchase via the internet or on the telephone.

Excluded contracts

The ban on surcharges for certain methods of payment applies to all contracts, as well as to non-contractual payments like donations and taxes.

However, the restriction on the amount of a payment surcharge for other methods of payment does not apply to certain excluded contracts, which are listed below:

- contracts for social services, including social housing, childcare and support of families and persons permanently or temporarily in need (including long-term care)
- contracts for health services provided, whether or not via healthcare facilities, by health professionals to patients to assess, maintain or restore their state of health, including the prescription, dispensation and provision of medicinal products and medical devices
- contracts for gambling within the meaning of the Gambling Act 2005
- contracts for services of a banking, credit, insurance, personal pension, investment or payment nature
- contracts for the creation of immovable property or of rights in immovable property
- contracts for rental of accommodation for residential purposes
- contracts for the construction of new buildings or the construction of substantially new buildings by the conversion of existing buildings
- contracts that fall within the scope of the law relating to the protection of consumers in respect of certain aspects of timeshare, long-term holiday products, resale and exchange contracts
- contracts for the supply of foodstuffs, beverages or other goods intended for current consumption in the household that are supplied by a trader on frequent and regular rounds to the consumer's home, residence or workplace
- contracts concluded by means of automatic vending machines or automated commercial premises
- contracts concluded with a telecommunications operator through a public telephone for the use of the telephone
- contracts concluded for the use of one single connection, by telephone, internet or fax, established by a consumer

- sales of goods by way of execution or otherwise by authority of law - for example, goods seized by court bailiffs and sold to satisfy a debt under a judgment of the court

Consumers' right of redress

Consumers are entitled to seek redress if asked for a payment surcharge that is banned or is more than allowed by the Regulations. If the fee has not yet been paid, then the trader cannot make the consumer pay it; if it has been paid, it must be refunded. The consumer can take legal action to recover their money. This right applies whether or not enforcement action has also been taken by Trading Standards.

Further information

The Department for Business, Energy and Industrial Strategy (BEIS, a predecessor of the Department for Business and Trade) produced detailed guidance on payment surcharges.

Trading Standards

For more information on the work of Trading Standards services - and the possible consequences of not abiding by the law - please see 'Trading Standards: powers, enforcement and penalties'.

In this update

Changes made to reflect the coming into force of the Digital Markets, Competition and Consumers Act 2024 (Part 4, Chapter 1: 'Protection from unfair trading').

Last reviewed / updated: April 2025

Key legislation

- Gambling Act 2005
- Consumer Protection from Unfair Trading Regulations 2008
- Consumer Rights (Payment Surcharges) Regulations 2012
- Payment Services Regulations 2017
- Digital Markets, Competition and Consumers Act 2024 (Part 4, Chapter 1)

Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links go to the legislation.gov.uk website. The site usually updates the legislation to include any amendments made to it. However, this is not always the case. Information on all changes made to legislation can be found by following the above links and clicking on the 'More Resources' tab.

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