

IRISH FERRIES

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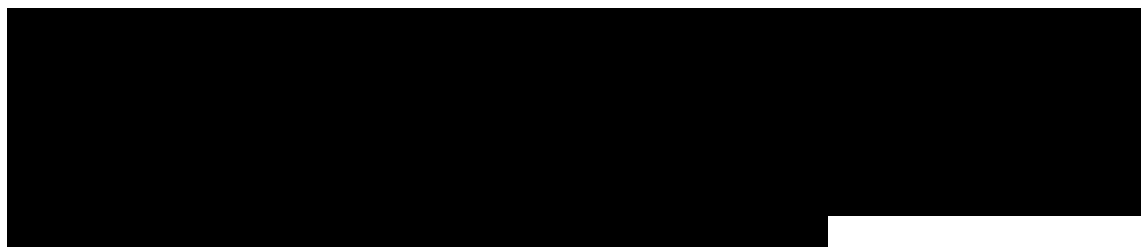
Bridget Cosgrave
Competition and Consumer Policy Section
Department of Jobs, Enterprise and Innovation
Earlsfort Centre
Lower Hatch Street
Dublin 2

11th October 2012

Dear Ms Cosgrave,

Further to your letter of the 6 September regarding "Consultation on Articles 19 & 22 Consumer Right Directive" inviting views in response to the consultation paper please find attached Irish Ferries views on a couple of the key questions and on the issue of how costs incurred might be recouped.

Reference Question 7 (page 41) "Are the figures on the cost of payments to traders cited in paragraph 57 & 60 broadly accurate".



The lower domestic cost of payments cited in Table 1 paragraph 59 where the cardholder is present and the transaction is domestic do not generally apply and are understated as the vast bulk of our business is carried out online or remotely over the phone.

Reference Question 8 (page 42) "Do you agree that only costs arising directly from the use of a given means of payments should be taken into account in determining the cost *borne by* the trader for the purposes of article 19?"

Irish Ferries would agree that only costs arising directly from the use of a given means of payments should be taken into account in determining the cost borne by the trader for the purposes of article 19.

However, in paragraph 63 the consultation document states that "*It is less clear cut whether other costs arising from card payments such as fraud losses or penalties imposed by card companies, should qualify as costs attributable for the purposes of Article 19*".

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Irish Ferries believe that costs arising from card payments such as fraud losses should qualify as cost attributable for the purposes of Article 19. These costs are directly related to the acceptance of payment by credits card. If companies ceased to accept credit cards as a means of payment then they would no longer incur the fraud costs associated with this means of doing business.

In relation to the issue of the treatment of losses through payment fraud we would refer you to the UK Government's consultation document "Consultation on the early implementation of a ban on above cost payment surcharges" which was circulated by Consumer & Competition Policy Department for Business, Innovation and Skills on 3 September. Under the UK Government's proposals (see pages 23-27): the cost items that a business could recover through a payment surcharge would be:

Merchant service charges levied by the bank;

IT infrastructure necessary to handle the transaction;

Fraud detection and prevention measures;

Losses through payment fraud;

Operational costs (but not general accounting overheads);

Fees charged by specialist payment-handling companies, or the cost of carrying out the equivalent functions in-house.

Thus the UK Government are proposing that the losses through payment fraud are a legitimate cost item and Irish Ferries would agree with this view and urge the Irish authorities to adopt a similar approach.

On the key issue of recovering transaction costs the UK Government's consultation document (on pages 28 -29) acknowledges that it *"would be difficult for traders to identify each type of card and calculate the corresponding costs that they incur processing each one. There are hundreds of different types of payment card in the UK market, each attracting a different merchant service charge which is payable by the trader. Therefore the trader's cost of accepting each different type of card will vary"*.

The paper goes on to propose that the *"costs borne to the trader should be an average cost of processing transactions of that type rather than of each individual transaction"*. Irish Ferries would agree with this approach.

Irish Ferries trust that these views will be treated in confidence and hope that they are of assistance.

Yours sincerely,

Nick Mottram
Planning Manager