

Joint Industry Statement

Broad industry coalition voices concerns over unbalanced refund right in the EU Payments Services Regulation

Our associations represent European and international companies from a wide range of sectors — including technology, culture, media, content providers, banking, hospitality, travel, e-commerce and fintech. In the context of the Trilogue negotiations on the EU Payment Services Regulation (PSR), we wish to express collective concern about the proposed introduction of an unconditional refund right for merchant-initiated transactions (MITs) under Article 62(1).

The European Parliament has recognised the inherent risks of this measure and excluded MITs from the scope of the refund right in its text, while maintaining it for SEPA Direct Debits (SDDs). **We urge the co-legislators to uphold the Parliament's approach, ensuring that the PSR protects consumers without undermining trust, legal certainty, and sustainable business models across the European economy.**

Under PSD2, consumers already benefit from two distinct protections: an unconditional eight-week refund right for SDDs and the ability to dispute MIT payments, under certain conditions, within the same timeframe (Article 76). Extending an unconditional refund right originally designed for SDDs to all MITs overlooks crucial differences between these transaction types and existing consumer law safeguards. It would also remove the ability of merchants to challenge disputes, creating an inherently unbalanced regulatory framework.

MITs and SDDs are fundamentally different payment methods that merit distinct treatment. Extended refund rights for SDDs are appropriate because they are post-order guarantees, customers have limited control over debiting from their account (albeit with their prior authorisation) and a need to prevent misuse. MITs, however, already feature robust safeguards through strong customer authentication and existing dispute rights under PSD2.

Applying identical refund rules to MITs and SDDs would have far-reaching consequences — incentivising abuse and exposing merchants to systematic refund claims for goods, content and services that have already been consumed. It would also substantially increase operational costs across the entire payment processing chain.

An economy-wide fallout

MITs have a much wider variety of use cases than SDDs — from streaming and press subscriptions to hospitality services and e-commerce — and their use by merchants of all sizes is on the rise. Smaller merchants would be particularly exposed to the cumulative effect of repeated refunds and chargebacks, which could create significant operational and financial burdens and ultimately run counter to the EU's wider objective of supporting SMEs.

Recent research underscores the scale of potential misuse. According to Ravelin's 2024 [Customer Fraud Survey](https://www.ravelin.com/blog/friendly-fraud-trends-survey-report),¹ 40% of adult consumers admitted to some form of online fraud in the past year, with 36% considering it in the future. Nearly half (45%) consider it acceptable to exploit policy loopholes, often because it was perceived as easy. The same study found

¹ Ravelin, Friendly fraud trends: Brazen consumer attitudes revealed in Ravelin's Consumer Fraud Survey, 11 April 2024, <https://www.ravelin.com/blog/friendly-fraud-trends-survey-report>.

that 26% of adults regularly use multiple accounts to take advantage of promotions or to access digital content for free.

Introducing an unconditional refund right for all MITs in the EU would unintentionally amplify this behaviour, exposing a wide range of sectors to higher fraud risk and eroding trust in legitimate refund mechanisms.

For example, digital content providers are likely to face situations where people sign up for a service, consume large amounts of copyright-protected content, and then request a full refund weeks later — with no ability for merchants to contest the claim. Providers would still be required to pay royalties to rightsholders for content consumed during that 8-week period.

Similarly, in the hospitality sector, businesses would have less protection against “no-shows.” Hotels often depend on prepayments, deposits, or post-stay MITs (for damages or extras). If guests can unconditionally request refunds, it would undermine revenue predictability and fair cost recovery.

E-commerce subscription services allow automatic recurring deliveries of everyday items like food and household supplies. These services often include loyalty benefits and savings programs. As this is managed as an MIT, with an 8-week unconditional refund right customers would be able to use the benefits associated to the program and receive goods eg. weekly without merchants being able to contest a possible refund claim.

These are just some examples of the risks associated with this measure, but the impact is likely to be economy-wide. This is why the EU’s refund framework must remain proportionate, balanced, and aligned with existing safeguards — protecting consumers while protecting business sustainability and Europe’s payments ecosystem.

Strong safeguards are already in place

We believe that existing safeguards already provide robust recourse. Consumers have a conditional refund right under PSD2 for unauthorised or disputed MITs and can engage with merchants directly for legitimate complaints or service issues. Under existing card payment schemes, consumers benefit from robust dispute and refund mechanisms, including chargebacks, which allow them to reclaim funds for unauthorised or faulty transactions through their payment service provider. Refund rights are also governed under EU consumer law, with the Consumer Rights Directive (Article 11) already providing a targeted framework to enhance transparency and user control in subscription-based transactions.

We see no clear evidence to support the extension of an unconditional refund right to MITs. Moreover, consumer protection and digital contract rules will be subject to a comprehensive review under the forthcoming Digital Fairness Act, making intervention through payments legislation both premature and potentially duplicative or contradictory. Introducing an unconditional mechanism on top of existing protections rebalances risk entirely onto merchants, encouraging misuse rather than trust.

To ensure a balanced and fraud-resistant payments ecosystem, an unconditional refund right should remain limited to SDDs, as under PSD2. We urge the co-legislators to adopt the European Parliament’s position and remove MITs from the scope of Article 62(1) and Recital 109. We remain committed to constructive dialogue on this important issue going forward.

LIST OF SIGNATORIES

1. Digital Music Europe (DME)
2. Ecommerce Europe
3. Electronic Money Association (EMA)
4. Eurocommerce
5. European Fintech Association (EFA)
6. European Magazine Media Association (EMMA)
7. European Newspaper Publishers' Association (ENPA)
8. European Payment Institutions Federation (EPIF)
9. European Publishers' Council (EPC)
10. European Tech Alliance (EUTA)
11. European VOD Coalition
12. EU Travel Tech
13. HOTREC
14. International Air Transport Association (IATA)
15. Independent Retail Europe
16. Merchants Risk Council (MRC)
17. News Media Europe (NME)
18. Video Games Europe (VGE)



eu travel tech



NEWS MEDIA EUROPE

