

More mobile top-up fees likely

Mobile phone users are facing the widespread introduction of handling charges for top-ups arising from a dispute over commissions between newsagents and phone companies.

While some retailers already charge a handling or convenience fee when customers top up their phones, the Convenience Stores and Newsagents Association (CSNA) says many more will introduce the charge to ensure a reasonable return on the product.

The CSNA says it is alarmed by proposals by Vodafone to reduce the commission it pays to payment collection companies such as Payzone, which in turn would affect the commission paid to newsagents.

"As a representative body, we cannot and will not accept further reductions in retailer margins," said Vincent Jennings, chief executive of the CSNA. "We have no doubt that even more retailers will implement the totally legitimate method of obtaining a reasonable return for the product, and begin to charge a 'handling' or 'convenience' fee."

However, any attempt to introduce a uniform fee in stores could be interpreted as price-fixing and end up being investigated by the Competition Authority.

The association which has almost 2,000 members says corner stores are being driven out of business by the lack of returns on such services, and claims the average shop is losing €1,500 a year on the business.

It says the number of local convenience stores has dropped one-quarter in the past five years, largely because costs are rising ahead of inflation

Over the same period, it claims the margin enjoyed by retailers on top-ups has fallen from 10 per cent to 5.5 per cent.

The phone companies have pointed out that the fees paid to Irish retailers tend to be higher than those paid in other European countries. However, Mr Jennings says stores in France and other states enjoy guaranteed custom because they have a monopoly on the sale of tobacco.

"if they want to make that argument, then why don't they reduce their call charges to European levels," he added.

The association is also angry at what it says is a growing tendency for suppliers of service products to offer a flat-fee commission basis, rather than a percentage of the price.