



The Sneaky Secrets of Credit Card Processing Companies

As you might already realize, when it comes to the world of financial transactions, the devil is in the details. You have to stay on top of the fine print, or you may find yourself getting taken for a ride that you didn't sign up for.

Companies always go out of their way to tell you what you want to hear when they are trying to recruit you, so you'll no doubt hear all about their great features, their superior technology, and how low their rates are. However, this doesn't mean that there aren't plenty of other things that they're strategically sweeping under the rug. It's not that they're being dishonest exactly, it's just that they're probably not going to tell you the whole story.

This is especially an issue when you're a smaller enterprise, as you're basically the model victim for tiny, fine print fees since you likely don't have a dedicated legal department. Many processors will attempt to nickel and dime you, and you might quickly realize that the fee schedule that you were shown while you were being sold the merchant account isn't what you're actually being charged.

According to experts at [Shaw Merchant Group](#), there are a few different kinds of hidden fees that a credit card processor can slip into your transactions without your realizing. Sometimes it's so under the radar that you may go through the life of your account without even realizing that they're there. This is usually perfectly legal, as the fees are likely accounted for in various clauses in your contract—though the processor is probably not too keen on pointing them out until after you've signed up.

Here are some examples:

Withholding a Certain Amount of Money

A lot of the time, especially in [high risk accounts](#), the processor may want to accumulate a certain amount of cash from your transactions as security against charge backs or fraudulent activity. You can basically think of this as a sort of deposit that the credit card company may accumulate without even so much as consulting you about it first.

Withdrawing from Your Checking Account

Sometimes it is convenient to allow a [credit card processor](#) to automatically deposit the cash from your credit card sales into your bank account, but this also gives them the power to withdraw money from it too, without necessarily notifying you about it first. This money might be used to cover any fees that you owe them, any penalties, or they may even take money out for the purposes of withholding (as mentioned above). If you like having control over your checking account, obviously this is something of a problem.

Fees for Terminating Your Account Early

For the most part, if you as a merchant have signed a contract with an ISO, you are stuck with them for the life of the contract, unless you want to pay a few hundred dollars to terminate early. This isn't quite so bad, but often it doesn't stop there. You may also have to pay the processor for the fees that they would have

collected throughout the rest of the contract, and that obviously can be a hefty sum.

Making You Lease Equipment

A lot of ISO's will push you to lease their equipment, even if it's more expensive in the long run than just simply buying your own. It often will also lock you in with a specific provider, since the length of the lease can last for years and you may not be able to cancel it. This puts you in the position of trying to decide whether you should pay the high price of breaking the lease or simply wait it out until it is over.

Not Offering Interchange Plus

Interchange plus is a less costly way of processing transactions, but many providers will not offer this to you. Make sure that you ask about it beforehand, or you may not be getting your money's worth.

Offering Promises That Are Not in Writing

It's terrible, but sometimes what the [sales agent](#) told you while he was trying to get you to close the deal may not agree with what is actually written in the contract. Whether it was an honest mistake or he intentionally misled you, there are often clauses in the contract that specify that the provider will not honor verbal deals of this kind. This is why it's important to read over the contract and not allow yourself to believe anything that an agent tells you if he is not willing to back it up in writing.

Even better, stick to providers and agents that you know you can trust. [Shaw Merchant Group](#), for example, can help you to get in contact with the right people and the right companies that will treat you with dignity and honesty.

Perform your due diligence and research any company that you're planning to do business with as well. It's harder these days than ever for shady companies to not leave evidence of their burned customers, since the world is so connected. Look to see what other merchants have said about the company. Look for reviews or any complaints that other business owners may have made.

Other than that, keep your eyes peeled for certain obvious signs in the contract that you may charged much more than you might have assumed. When you're reading through the paperwork, look for the word "damages" and examine that area particularly closely. Anything that makes you liable for some unspecified amount if you break the contract early is bad news. If you can't ascertain what the price of canceling early will actually be and this sort of language is used, then it's likely to be an astronomical amount. Steer clear of this sort of company.

If you're still confused about who to turn to for your merchant account, or if you're a [sales agent](#) who is concerned for your clients' interests and you're looking for an honest processor to partner with, then feel free to get into contact with [Shaw Merchant Group](#).