

When to Take Credit Cards

Hi:

In your practice, do you have a rule about when to accept credit cards for payment and when not to? When I shop, I am aware of credit card fees so if the business is small (e.g. mom and pop, etc), I generally pay by cash. I also pay by cash if what I am buying is something I can't return (e.g. landscaping services). I have friends who don't follow that and charge everything.

I take cases at various hourly rates. My rule up to now has been I accept credit cards depending on the client's hourly rate -- for lower rates, I don't since the credit card fees make the net rate even lower. For higher rates I do since the rate net card fees is still pretty good.

Obviously, my goal would be to (1) maximize my revenue overall, and (2) get paid faster. My impression also is that if a client is living paycheck-to-paycheck, they may not have savings or disposable cash, but they would have the ability to charge something and, sadly, add to their credit card debt.

Have any of you just said 'To heck with it' and accepted credit cards for all clients and hope to make it up with more revenue and faster payment?
Has it actually turned out that way?

Thanks.

I will accept a credit card if a client asks to pay with a credit card. But, I don't generally offer. (Do note that my client base may be different than yours.)

If you do accept credit cards, your engagement letter should address how you will handle chargebacks.

Tatiana Melnik, Florida

I still get the majority of my payments via personal (or for business clients, business) checks.

But I accept Visa and Mastercard for everything, including trust account deposits (we do engage for family law and probate cases with full deposits much, much quicker on average than we did before CCs). Rather than parsing out that you will or won't take credit cards for certain matters, let me suggest that you set the rate with what you feel comfortable charging assuming payment will be made by credit card. Then you can offer an upfront cash discount (not checks, as don't want to confuse the matter - people understand what cash is). So discount it by X% if they pay upfront with cash by Y date (which is before you begin work).

Also, that way people won't feel like they are being punished for credit card payment, just rewarded for cash payment.

Cynthia V. Hall, Florida

1 vote for to heck with it and allow CC for all clients.

Matthew Rosenthal, California

Yep. I eat the fees or raise my rates. Money now is better than money later.

At least Chase does not charge NSF fees for trust account checks that don't clear...I have been burned with checks but not credit cards...yet.

P. Jayson Thibodaux, Washington

Taking credit cards is definitely a great way to get paid quickly. You aren't waiting for a personal check to clear the bank.

I use LawPay for operating account only, but I believe they have a feature that allows you to deposit into trust with the fees coming out of your operating account. That might be something to look into and may help you set your rates accordingly.

Personally, I don't charge extra in the event the client ends up paying with a card, but my rates are already above many of my competitors (and still below others in fact) so I don't mind the small fees being taken out.

Jason Komninos, New Jersey

Getting paid is better than not getting paid. Credit cards make it easier to get paid. If you need to adjust your rates to reflect the small hit you take for using credit cards then do so. However, I have found that clients pay quicker and more readily since I started taking credit cards.

Joseph A. DeWoskin, Kansas

I accept credit cards for services rendered, not for payment expenses and not for advance retainers. I will take a credit card on almost any amount that a client wants to pay me because, even though I have to eat the fee, I get paid. I have even waived the not for payment of expenses rule if the expenses are de minimus.

Justin Meyer, New York

I do a lot of family law, and many of my clients could not afford to start a case (or respond to one) without relying on credit cards. I've had bounced checks, but I have never had a reversal of charges on a credit card. My engagement letter addresses those issues anyway. I use LawPay also, as they allow me to charge a credit card for a retainer which flows directly to my trust account, but the fees come from my general account. For a case that has the potential to drag on for a while, I prefer the credit card. If the retainer runs out and I have to get the client to write another check, there can be delays. But if I have the client's permission to just tap into the credit card for more (which is all spelled out in my engagement letter for credit card customers), everything goes smoothly. I have never yet had anyone complain about the additional charge to the credit card, since they know it's coming, and everything is spelled out in advance.

Susan L. Beecher, Washington

Coincidentally I was just signing up to take credit cards yesterday when this conversation started.

I've been considering it for a while, almost did it in December but put off by the cost of the terminal, but Costco had a good deal on the terminal with a sign up this month, and good rates for executive members.

I was talking about it this weekend with my wife, saying I was thinking about signing up and she said "I can't believe in this day and age you don't take credit cards and debit cards." That was the final prod to get me to do it. LOL.

Michael D. Caccavo, Vermont

I've used Lawpay since starting my solo practice 3 years ago. You don't need any equipment, I can just go to the website if clients want to pay in the office, and you can send a link for payment. I also have links on my website and it's integrated with Practice Panther such that clients can pay through the invoice. They are set up so that the trust account doesn't pay any fees. It's a no brainer, and as a family lawyer, I would have maybe 10% of the business I have, without taking credit cards.

Suzanne Hawkins

No credit cards allowed.

Did I mention I do debtor-side bk work? :-D

After watching an attorney come into court, hat figuratively in hand, to agree to a reaff on a credit card because it was used to pay his fees, I would never accept them. I know some of my colleagues differ and will allow CCs when paid by family or friends or use the CC symbol for the debit card, but I stick to my cash, check, cashier's check, or money order rule.

Side note: We also can't take cases at varying rates, because our certification in support of fees states that we are charging them the same rate or no higher than we charge other bk clients for similar work.

Corrine Bielejeski, California

The conversation on credit cards has led to a few people saying that they have language dealing with chargebacks in their engagement letters. I was wondering if anyone would be willing to share that language.

We've never had an issue but I'd rather have the language in there in case it happens.

Justin Meyer

I got the following language from a merchant vendor several years ago so it might not be current, but I have this in most fee agreements:

PAYMENTS MADE BY CREDIT CARD. Attorney may elect to accept payments by credit card. Client agrees that, if Client elects to make payments by credit card, such payments shall be non-refundable except as may be provided elsewhere in this agreement. If Client shall dispute the payment, Client waives the right (and shall not be permitted) to register a complaint with a credit card company in an effort to receive a refund of payments made by Client to Attorney. No "charge backs" of credit card payments are permitted. The exclusive remedy to resolve any such credit card payment dispute shall be governed by the **ARBITRATION OF DISPUTES** Paragraph below. Client further agrees that if and when Attorney is charged merchant vendor fees to process a credit card payment transaction, those costs shall be Client's responsibility and will be billed to Client on Attorney's invoices.

Michael L. Boli, California

Thanks for starting this thread. I was wondering about chargeback language as well, but didn't actually post about it.

Michael: have you ever had problems with making the client waive their right to dispute the charge and get a refund? That last sentence stating that card vendor fees are invoiced to the client is nice. Have you ever had a problem with that?

Andy Chen, California

I include a summary of Billing Policies with my Fee Agreement and incorporate it by reference in my engagement letter, so not all of the terms are spelled out in the "custom" document. You can view a recent copy of my Billing Policies here:

http://www.rickrutledgelaw.com/documents/Client_Distribution/Billing_Policies.pdf

Richard J. Rutledge, Jr., North Carolina

I have not had a credit card payment issue arise, ever. But then, only a small percentage of my (civil litigation often legal malpractice) clients pay by credit card. Usually it is someone who could afford to write a check but prefers to rack up frequent flyer miles. IMHO merchant vendor haircuts are hard to swallow, (depends on the vendor but mine were at least 3% - PayPal got to be too much for me now I am with LawPay), but pretty soon I decided it wasn't worth the time and effort to try to track those costs then bill them to the client. The reason is that I did not know how much the haircut would be until a week or more after processing the transaction, not until the credit card deposit (and merchant vendor haircut) showed up in my bank account and only when I bothered to go inline to check my bank account or waited until I got a monthly statement from the merchant vendor. From what I have seen, it is not unusual for family law attorneys to accept payment by credit card.

Michael L. Boli
