Fed Up With Fees

If it feels as if companies are picking your pockets—they are

BY LAURA DAILY
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Charging for services that used to be free is now “good business.” Need to speak with a United or American Airlines agent to book your flight by phone? That’ll be $25, please. And if you call your doctor for after-hours advice, you could be charged up to $25.

Welcome to the new America—the land of the fee—where businesses eagerly lift their recession-depleted incomes by lowering yours. “There’s been a large uptick...
in fees recently, especially as corporations try to maintain or increase profits," says Randy Allen, a former retail-industry executive and a current associate dean at the Samuel Curtis Johnson Graduate School of Management at Cornell University.

These fees aren't just a fad, adds finance columnist Evelyn Kanter, who recently learned of a $14.95 fee to pay her Macy's bill by phone with a credit card. "It's follow the leader," she explains. "If one company gets away with a fee, others figure they can, too." The evidence: Some high-end hotels now charge up to $25 to receive packages for guests, and others are charging more than $10 for housekeeping service. Plus, paper statements now cost up to $3 from some utility companies, phone companies, and banks.

These charges might be laughable if they weren't so obnoxious. Richard Laermer, who tracks consumer trends in 2011: Trendspotting for the Next Decade, once paid $2 for a piece of tape at a shipping center. "And when I asked to test cologne at an upscale men's store, I was told, 'That will be $2 a spritz,'" he recalls.

So how can you avoid what Laermer calls "corporate pillage and plunder"? Take your business elsewhere, when practical. And take time to complain to a manager or company president when you can. For instance, after consumers railed against Bank of America's plans to charge a $5 monthly fee for debit card use, the bank abandoned its plans in November. That said, some add-ons may be unavoidable now that charging for basic service is becoming the norm.

Speaking of service, remember that $25 United Airlines fee? The president and CEO of United Continental Holdings Inc., Jeff Smisek, earned about $4.4 million annually at last count. We'll let you ponder that.