

6 October 2025

Permanent Representation of Spain to the European Union
Boulevard du Régent 52
1000 Brussels
Belgium

RE: Concerns Regarding the 8-week unconditional refund in the PSR Proposal

ACT | The App Association writes on behalf of our European startup, scaleup, and small and medium-sized enterprise (SME) members in the context of the ongoing dialogue discussions on the Payment Services Regulation (PSR). While we welcome the European Council's focus on strengthening consumer trust in digital markets, we would like to raise some concerns about proposed Article 63 of the proposed Regulation, which establishes an eight-week unconditional refund right for consumers.

Although the European Parliament has deleted this provision in the latest iteration of the draft PSR, the Council has chosen to retain it. This provision creates significant challenges, especially for providers of digital services such as cloud computing, artificial intelligence, and software-based solutions. Unlike physical goods, digital services typically involve immediate and irreversible costs: infrastructure is provisioned, computational resources are consumed, and services are delivered on demand. Once used, these services cannot simply be 'returned' in a way that would justify an unconditional refund.

Especially in the case of highly innovative products that incorporate advanced technologies, such as generative artificial intelligence and sophisticated audio-visual processing, the costs of providing services can be substantial and often unrecoverable. Imposing a physical goods-like return policy on such services would impose a disproportionate burden on SMEs and lead to significant financial uncertainty.

By imposing such an obligation, proposed Article 63 risks creating unrecoverable financial losses for service providers, particularly for SMEs. Large multinational players may be able to absorb these costs, but Europe's SMEs, who are the backbone of our technological ecosystem, cannot. This provision therefore risks undermining investment in European digital innovation, locking SMEs out of the market altogether.

Beyond the financial imbalance, proposed Article 63 also opens the door to fraudulent practices. Consumers could exploit unconditional refunds to obtain valuable digital services without ultimately paying for them. The result would be a distorted market where smaller, innovative providers are forced out, weakening Europe's competitiveness in critical digital sectors.

For these reasons, we respectfully urge the Council to reconsider such provision when discussing it in the dialogues. A more proportionate solution, aligned with the European Parliament's text, would protect consumers while safeguarding Europe's competitiveness.

Thank you for considering these concerns at this critical stage of negotiations. We remain at your disposal should you wish to discuss them further.

Sincerely,



Mike Sax
Founder and Chairperson