First Data

Retrieval & Chargeback Best Practices

A Merchant User Guide to Help Manage Disputes

Visa
MasterCard
Discover
American Express

October 2015

www.FirstData.com

This guide is provided as a courtesy and is to be used for general information purposes only. First Data shall not be responsible for any inaccurate or incomplete information. The matters contained herein are subject to change. Individual circumstances may vary and procedures may be amended or supplemented as appropriate. This is not intended to be a complete listing of all applicable guidelines and/or procedures. No information contained herein alters any existing contractual obligations between First Data and its clients.

The purpose of this guide is to provide merchants and their back office staff with additional educational guidance as it relates to Visa and MasterCard dispute processing. This manual contains information that relates to specific industry processing environments and includes best practices for doing business and avoiding loss as it relates to fraud and/or chargebacks. This guide does not take away from the terms or conditions outlined in your merchant processing agreement or replace current operation regulations.

All chargeback's should be reviewed and presented as individual cases. Although the reason codes may be the same, supporting documentation required to remedy individual chargeback scenarios may vary.

October 2015 Summary of Changes

Description	Location
Added note regarding the ID being optional if the card is Chip Pin	Chapter 4
Added VEPS information for Canada merchants	Chapter 4
Added information regarding airline transactions evidence and digital goods merchant having additional representment opportunities	Chapter 4
Added information regarding airline transactions evidence and digital goods merchant having additional representment opportunities	Chapter 4
Updated the compelling evidence information for the Visa reason codes	Chapter 4
Added information regarding CVC2 being U.S. Domestic only	Chapter 4
Noted that Visa will implement changes to support revised floor limits for VI and VE	Chapter 4
Noted that Visa will implement changes to support revised floor limits for VI and VE	Chapter 4
Noted the roll up of reason codes 41, 55, 59 and 60 into 53 along with 53's name change	Chapter 4
Added invalid chargeback note for AFD for MCC5542	Chapter 4
Noted the roll up of reason codes 41, 55, 59 and 60 into 53 along with 53's name change	Chapter 4
Changed the name to reason code 53 and 59	Chapter 4
Added invalid chargeback note for AFD for MCC5542	Chapter 4
Added representment opportunities for Airline under how to defend	Chapter 4
Noted the roll up of reason codes 41, 55, 59 and 60 into 53 along with 53's name change	Chapter 4
Noted the roll up of reason codes 41, 55, 59 and 60 into 53 along with 53's name change	Chapter 4
Noted the roll up of reason codes 41, 55, 59 and 60 into 53 along with 53's name change	Chapter 4
Removed ATM Dispute from the title of the reason and added note this portion has moved to Reason Code 34	Chapter 4
Added ATM Dispute information to reason code 34	Chapter 4
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Struck out the disclosure policy for rental vehicles and added the new information from Visa	Chapter 6
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Added the opening of no show for car rentals for non-peak season	Chapter 6
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Added information regarding CVC2 being U.S. Domestic only	Chapter 6
Added the information about Visa's guarantee reservation service opening to additional merchants	Chapter 6
Added the countries impacted with the revised standards for	Chapter 6

Contactless and QPS

DISCOVER CARD

Description of Change	Location
Added reason code 4886-UA05 and 4887-UA06 for chip liability shift	Chapter 4
Added note regarding clarification of $1.00 authorization for AFD transaction	Chapter 4

AMERICAN EXPRESS

Description of Change	Location
Added reason codes F30 and F31	Chapter 4

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Dispute Management Guide

Dispute Management Guide

Authorization Overview

An authorization is a request for verification that the cardholder's account is in good standing with funds available at the time of the request.

An authorization approval code indicates the availability of credit/funds on the cardholder account at the time the authorization is requested. It does not warrant that the person presenting the card is the rightful cardholder, nor is it a promise or guarantee the sale will not be subject to a chargeback. The following are some examples of responses received from the card issuers.

Failure to obtain an authorization approval code for a sales transaction may result in a chargeback

Partial Authorization
Partial authorizations may be granted by an issuer when the cardholders account is in good standing; however, does not

- **Approved** – Transaction is approved by issuer/company that governs the payment card

- **Referral** - Message indicating that the merchant must call their authorization center and follow instructions provided

- **Declined -** Transaction was not approved by issuer/company that governs the payment card. The transaction should not be completed. Request another form of payment

- **Pick Up Card -** Card issuer wants to recover the card. Do not complete the transaction. Ask for another method of payment and if you feel comfortable recover the card from the cardholder

All Networks Note: Follow your internal procedures for card recovery

Discover Note: Authorizations are valid for 10 days except for Travel Service Merchants, which are valid for 30 days.

American Express Note: Authorizations are valid for 7 days except for Travel Service Merchants, which are valid for duration of service.

have enough credit/available funds for the full amount of the purchase. When partial authorizations are received you may process the transaction for the amount that was authorized and request another form of payment for the difference. If the transaction is processed for the full amount, a chargeback may be received for the amount that was not authorized.

Single Authorization for Multiple Transactions Visa and MasterCard Only

- Visa is permitting multiple transactions to be processed for a single card-not-present authorization message. For example: the cardholder makes a purchase over the phone for multiple items and ships a portion that day, therefore the merchant will process a transaction for the merchandise that is shipped first and using the same authorization code process a transaction for the merchandise that is shipped the next day.
- MasterCard is permitting multiple transactions to be processed for a single authorization.

Referral Response

When a referral response is received the merchant should not attempt additional authorizations on the same card. The merchant should call the authorization center to receive a voice approval code to complete the transaction. A voice authorization should only be requested when a referral response is received. If the merchant receives an unfavorable response, another form of payment should be requested.

Unfavorable responses include but are not limited to Declined, Pick-Up Card and Refer to Issuer.

Merchants should not attempt to obtain multiple authorizations for a single transaction. If a sale is declined, do not pursue alternative measures with the same card to obtain approval. Instead, request another form of payment. Merchants accepting and processing transactions with multiple authorizations are subject to chargebacks, Network fines, and/or cancellation of their processing agreement.
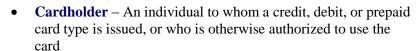
Transaction Overview

Chapter

2

A transaction is an act between a cardholder and a merchant that results in an exchange of funds for goods or services.

There are five main components that work together to process a single transaction. The cardholder will present their card for payment for the goods or services. When the merchant accepts this payment and processes it though their Point of Sale (POS) device a request for authorization is transmitted to First Data or other authorization provider. Then authorization provider submits the request to the Network who in turn transmits the request to the card issuer.

The card issuer will approve or decline the request and return the response back through the previous channels; the merchant will receive the reply and complete the transaction appropriately.

- **Cardholder** – An individual to whom a credit, debit, or prepaid card type is issued, or who is otherwise authorized to use the card

- **Merchant –** A business entity that is authorized to accept electronic payments for the exchange of goods or services

- **Acquirer**- A member that signs an agreement with the merchant to enable acceptance of card products

- **Processor** – A Company (i.e., First Data) that contracts with an Acquiring Bank to provide credit card processing services

- **Card Issuer** - Financial institution that maintains cardholder relationships. Issues credit or other card types and contracts with its cardholder for billing and payment of transactions

- **Visa, MasterCard, Discover and American Express** - An entity that provides card products, promotes the card brand, and establishes rules and regulations governing member participation and card programs

Transaction Life Cycle

Merchant	Merchant Processor	Network	Issuer

Authorize/Settle → Deposit → Deposit →

← Payment of Deposit ← Credit ← Credit

Retrieval Overview

A retrieval request is a request for a copy of the transaction documentation

Retrieval Request

A retrieval request received from a Network is non-financial; however, if not fulfilled properly, could result in a chargeback. The issuer would submit a retrieval request to satisfy a consumer's need, or support an available chargeback right. Each retrieval request is identified with a request code explaining why the request was initiated. A retrieval request fulfillment must be received by First Data within 20 calendar days to ensure a timely fulfillment back to the issuer. Below is a list of the retrieval request codes and their definitions.

**Visa Retrieval
Reason Codes and Definitions**

27HC	HealthCare
28	Request for copy bearing signature
30	Request due to Cardholder inquiry
33	Request for fraud analysis
24	Request for legal process

**MasterCard Retrieval
Reason Codes and Definitions**

05	Cardholder does not agree with billed amount
21	Cardholder does not recognize transaction
22	Transaction Certificate (ICC Transaction)
23	Transaction Information Documentation needed by cardholders personal record expense reporting
41	Fraud Investigation
42	Potential Chargeback or Compliance Documentation
43HC	HealthCare

Discover Retrieval
Reason Codes and Definitions

01	Transaction Document Request
04	Transaction Document Request Cardholder Dispute
05	Transaction Document Request for Fraud Analysis
06	Good Faith Investigation

American Express Retrieval
Reason Codes and Definitions

004	Non-Receipt of Goods or Services
021	Cancelled Recurring Transaction
024	Cardholder dispute Defective/Not as Described
059	Cardholder dispute Defective/Not as Described
061	Debit Posted as Credit
062	Credit Posted as Debit
063	Quality of Goods or Services
127	Cardholder Does Not Recognize
147	No Cardholder Authorization
154	Cardholder Cancelled
155	Non Receipt of Merchandise
158	Request for Credit
169	Correct Transaction Currency Code Not Provided
170	Cardholder Cancelled
173	Duplicate Billing
175	Request for Credit
176	Cardholder Does Not Recognize
177	No Cardholder Authorization
193	Fraud Investigation
680	Cardholder Does Not Agree with Amount Billed
684	Paid by Other Means
691	Request for Copy
693	No Cardholder Authorization

Retention Timeframe

- Visa and MasterCard require a 13 month retention timeframe. If your business processes HealthCare transactions, you must retain your transaction documentation for five years.
- Discover and American Express require a 2 year retention time frame

Delivery

- 🌐 Electronic
- ✉ Mail
- 📞 Fax – Visa, MasterCard and Discover Only

Retrievals are forwarded based on how your account is set up (i.e., Electronic or mail).

When retrieval is received you should provide all pertinent documentation that is available to support the transaction and the reason the retrieval was received by the due date listed on the request. This may include but not be limited to; a copy of the sales draft, folio, rental agreement or any other transaction document that has been retained.

- ☑ Substitute sales drafts may be created by First Data and utilized to fulfill American Express Retrievals. A substitute sales draft is a document created from required transaction elements received when the transaction is processed.
- ☑ Not all requests can be fulfilled using a substitute sales draft. If the request cannot be fulfilled it will be forwarded to you to respond.

Fulfillment

- 🌐 Electronic
- ✉ Mail
- 📞 Fax

When responding, please ensure you follow the directions on your retrieval notification. This would include:

- Provide clear and legible copies of all documents that support the transaction
- Ensure each response includes the original notification as well as the retrieval case number
- If the same documentation or multiple pages are being provided, ensure all case numbers are written on each page
- All responses should be provided prior to the due date listed on the original notification

- ☑ If multiple responses are received only the first response provided will be utilized to fulfill the request
- ☑ Ensure you attach the correct transaction documentation to the corresponding retrieval

Requirements for a valid fulfillment

Information required on sales drafts vary based on the specific merchant industry. All elements must be provided and should be contained within one document. The main information requirements for sales drafts are listed below; however, do vary by industry.

Please ensure all sales drafts contain these minimum requirements:

- Account number
- Expiration date
- Merchant name and location
- Transaction amount
- Transaction date
- Description of merchandise or service
- Ship to address (if applicable)
- Authorization code (if available)
- Cardholder name (if available)

Drafts which contain a cardholder signature will need to include the details of the transaction on the same document in order to link the transaction to the signature. This would apply to signature capture receipts as well.

Note: Failure to respond timely & accurately to your retrieval request may result in a chargeback with no representment rights or a Compliance Violation.

Retrieval Request Workflow

Cardholder, Issuer or American Express Initiates Retrieval Request/ Receives Fulfillment Electronically	**Request/Fulfillment Transmitted through Network Channels**	**First Data Receives Retrieval Request and Enriches with Transaction Data.**

Fulfillment   **Auto Fulfillment**

First Data Fulfills Request to Network

Merchant Fulfills Request to First Data

First Data Notifies Merchant of Request via Electronic Delivery, Fax or Mail
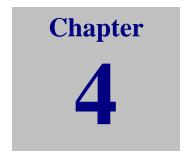
TIP: Retain confirmation that you have fulfilled the retrieval request (i.e. fax confirmation, electronic alert/acknowledgements or other documentation)

Chargeback Overview

Chapter 4

A Chargeback is a transaction that has been disputed and returned by the cardholder/issuer for various reasons.

There are various reasons that a transaction can be disputed and returned through the chargeback process. However, the issuer must first confirm that a chargeback right applies. The Networks have rules outlining the issuer rights and processing requirements as well as requirements for you and your acquirer/processor. The issuer is responsible to ensure that the chargeback is submitted for the correct reason code, within the pre-determined timeframe, supply the required documentation, as well as meet all other regulatory conditions.

When contesting a chargeback ensure you respond prior to the chargeback due date and provide a full explanation along with all pertinent supporting documentation. The chargeback may be reversed if the information is sufficient. Chargeback reversals are conditional as the issuer may pursue the case further by processing a second chargeback or incoming pre-arbitration case. Please refer to the Exceptions section of this guide for further explanation.
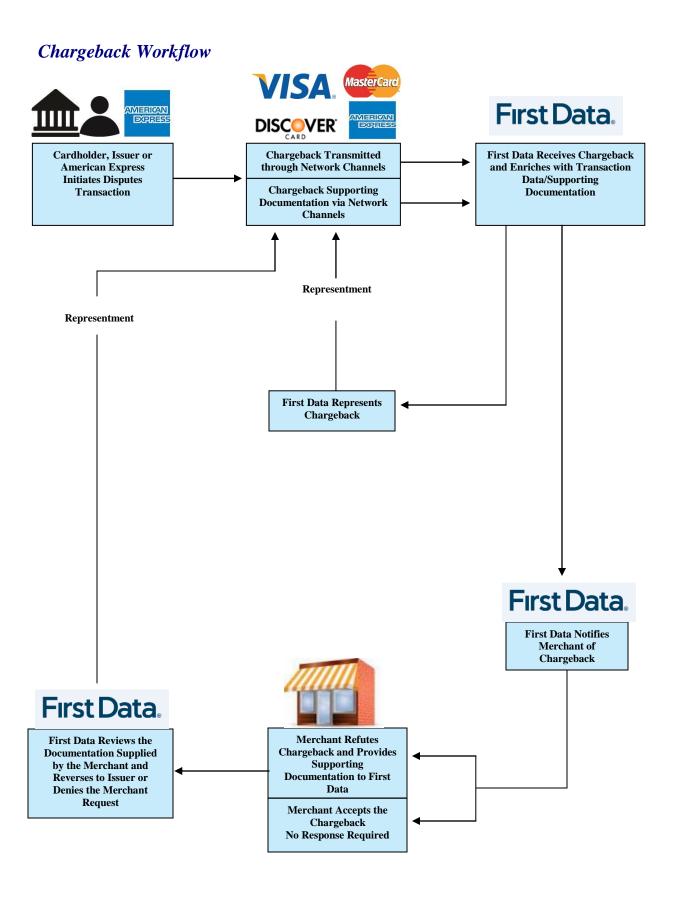
Credit should not be issued upon receipt of a chargeback. The issuer has applied a conditional credit to the cardholders account.

Credits issued after a chargeback has been received may not be recoverable and you would be financially responsible for the credit as well as the Chargeback.

Chargeback's are grouped into nine categories based on the reason code for the chargeback.

1. Fraud
2. Non-Receipt of Information (Visa and MasterCard)
3. Authorization Issues
4. Cancellations & Returns (Visa, MasterCard and Discover)
5. Cardholder Disputes
6. Processing Errors
7. Violation of Operating Regulations (Discover)
8. Retrieval/Miscellaneous (American Express)
9. Chargeback Programs (American Express)

Each individual chargeback reason code carries its own conditions and requirements which include why the chargeback is being processed as well as what information can be provided to reverse the chargeback. Chapter 4 contains a full description of each reason code, how the chargeback can either be avoided or defended and case scenarios.

Chargeback Workflow

Cardholder, Issuer or American Express Initiates Disputes Transaction	**Chargeback Transmitted through Network Channels**	**First Data Receives Chargeback and Enriches with Transaction Data/Supporting Documentation**
	Chargeback Supporting Documentation via Network Channels	

Representment

Representment

First Data Represents Chargeback

First Data Notifies Merchant of Chargeback

First Data Reviews the Documentation Supplied by the Merchant and Reverses to Issuer or Denies the Merchant Request

Merchant Refutes Chargeback and Provides Supporting Documentation to First Data

Merchant Accepts the Chargeback No Response Required

Fraud Disputes

Fraud–related reason codes are used on transactions that the cardholder or authorized user claim are unauthorized; the account number is no longer in use or is fictitious, or the merchant was identified as "High Risk".

Reason Codes and Description

57 – Fraudulent Multiple Transactions

62 – Counterfeit Transaction

81 – Fraudulent Transaction – Card-Present Environment

83 – Fraudulent Transaction – Card-Not Present Environment

93 – Risk Identification Service

Reason Codes and Description

37 – No Cardholder Authorization

40 – Fraudulent Processing of Transactions

49 – Questionable Merchant Activity

63 – Cardholder Does Not Recognize Potential Fraud

70 – Chip Liability Shift

71 – Chip/PIN Liability Shift

Visa 57 Fraudulent Multiple Transactions

Multiple transactions from a single card occurred at the same merchant location without the cardholder's permission (card present transactions only).

Note: The cardholder admits that one transaction was valid and their cards were in their possession

Time Limit – 120 calendar days from the central processing date of the transaction

Possible Cause
- Merchant processed multiple transactions which were not voided, **or**
- Transactions were fraudulently processed at merchant location

How to Avoid
- Ensure errors at point of sale (POS) are voided prior to batch out processing
- Do not batch out transactions multiple times
- If multiple transactions are being completed ensure you obtain magnetic-swipe for each transaction and obtain the cardholder's signature on each transaction receipt
- Educate staff on procedures to eliminate POS fraud

How to Defend
- Evidence that fraudulent multiple transactions did not occur by providing both transaction documents and written rebuttal explaining the multiple transactions (Point out differences between transactions such as; two different clerks, times of transactions, checkout lanes, different merchandise purchased, etc)
- Provide evidence that transactions were EMV Chip PIN transactions
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 57. The cardholder contacted their bank to notify them of fraudulent transactions posting to their account. The cardholder participated in one transaction with a local retailer; however, they have been billed three additional times. The issuer retrieved all receipts; however, they appeared to be duplicated. How would this chargeback be resolved?

Answer: You would need to provide proof that all transactions were different and that the cardholder participated in each. This proof would consist of signed and magnetic stripe read transaction receipts as well as a written rebuttal addressing the transactions.

Scenario #2

A chargeback was received from the issuer for reason code 57.   The cardholder contacted their bank to notify them of fraudulent transactions posting to their account. The cardholder participated in one transaction with a local retailer; however, they have been billed two additional times. A prior retrieval request was received from the issuer for this transaction; however a fulfillment was not supplied by your establishment. A rebuttal has been received from you containing documentation supporting three different transactions. How would this chargeback be resolved?

> **Answer:** The chargeback would remain debited to your account. Chargeback representment rights no longer exist when the initial retrieval request was not fulfilled.

Visa 62 Counterfeit Transactions

The cardholder states neither they nor anyone authorized by them engaged in the disputed transaction and that the cardholder or a person authorized by him or her was in possession of all cards on the transaction date. The transaction is determined to be a result of counterfeit magnetic stripe fraud, and the entire unaltered contents of the magnetic stripe was not transmitted and approved by the issuer or its agent (card present transactions only). Manual Cash Transaction exceeding $5000.00 will be permitted as a chargeback.

Effective July 1, 2015 the requirement for a financial institution to validate a cardholder's ID will be optional for manual cash disbursements that are PIN-authenticated chip transactions and $500 USD (or local equivalent) or less
- If a PIN-authenticated disbursement is over $500 USD (or local equivalent) the validation of the cardholder's ID must still be completed

Effective October 16, 2015 VEPS (Visa Easy Payment Services) will no longer be available to merchants in Canada for contact chip or magnetic strip transaction.
- VEPS will only be available for Proximity Payments in Canada and will remain at $100 CAN threshold

Time Limit – 120 calendar days from the central processing date of the transaction

Possible Cause
- Authorization was received without reading entire magnetic stripe information, **or**
- Manual Cash Disbursement or Quasi Cash: First four digit of embossed account number were not compared to the pre-printed digits below the embossed number for a card present transaction, **or**
- POS device is dirty or otherwise faulty and unable to read magnetic stripe data

How to Avoid
- Obtain a full magnetic swipe including track 2 and track 2 data for all card present transactions, **or**
- Obtain an imprint for all key entered transactions, **and**
- Ensure POS device is in working order, free of dirt and debris

How to Defend
- Supply a magnetic swipe/imprinted signed transaction receipt
- Provide proof that the transaction occurred with a non-Chip card at a Chip capable terminal
- Provide proof that the Chip card was processed at a Chip-Reading device and was a Fallback transaction
- Provide proof that the Chip card was processed at a Chip-Reading device
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 62. The account was closed prior to the transaction. How would this chargeback be resolved?

Answer: You would have to prove that the transaction was processed according to the regulations, a complete and unaltered magnetic swipe reading of the card or a manually imprinted transaction receipt.

Visa 81 Fraudulent Transaction-Card-Present Environment

Merchant processed a transaction in a card-present environment which the cardholder claims is unauthorized and a card imprint and/or cardholder signature is missing on the transaction receipt.

Time Limit – 120 calendar days from central processing date of the transaction

Notes:
- Visa will consider a dispute invalid for reason code 81 if the transaction was electronically captured at the point of sale (i.e. magnetically swiped, chip, or contactless). Issuers will maintain chargeback rights if the transaction was key-entered or a result of an unattended transaction. This note is not applicable to transactions involving Visa Europe (Issuer or Merchant in Europe)
- Visa will hold issuers liable for all online-authorized fraudulent chip-transactions (contact and contactless) made at unattended terminals (ATM's excluded) that supports the processing of transactions without a Cardholder Verification Method (CVM).

Possible Cause
- The credit card was not swiped through the magnetic stripe reader, **or**
- A manual imprint was not obtained when account information was key-entered
- Cardholder signature was not obtained on the transaction receipt
- Failed to identify card not present transaction as MO/TO or ecommerce
- Failure to respond properly to a prior retrieval request (for key entered or unattended terminal transactions)

How to Avoid
- If unable to swipe the card, always obtain a legible signed imprinted transaction receipt, verify information matches
  - Use proper imprinter for imprint of card when necessary
  - Do not perform pencil rubbings of imprint
  - Do not imprint on the back of the receipt or imprint on blank transaction receipt
- Magnetic-Swipe card for each transaction and obtain signature
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure proper and timely response to all retrieval requests
- Participation in the CVV2 Validation Program for key entered transactions in place of an imprint
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

How to Defend

- Supply sales draft with a legible imprint, signature or PIN, **or**
- Key entered transaction with CVV2 Validation
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details
- Provide documentation the transaction was processed using a Chip PIN compliant terminal, and the card was a non-PIN preferring card
- Provide documentation that the transaction was processed using a Chip PIN compliant terminal, and a Chip PIN card was used
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Effective Date 10/16/2015: **Excluding Visa Europe** For an airline transaction, evidence that the cardholder name included in the flight manifest for the departed flight matches the name provided on the purchased itinerary
- Effective Date 10/16/2015: **Excluding Visa Europe** For a merchant using Merchant Category Codes (MCCs) 5815—Digital Goods: Media, Books, Movies, Music, 5816—Digital Goods: Games, 5817—Digital Goods: Applications (Excludes Games) and 5818—Digital Goods: Large Digital Goods Merchant, all of the following:
  - Evidence that the merchant is the owner of the operating system for the subject electronic device
  - Evidence that the merchant has been successfully registered into and continues to participate in the Visa Digital Commerce Program
  - Evidence that the account set up on the merchant's website or application was accessed by the cardholder and successfully verified by the merchant before or on the transaction date
  - Evidence that the disputed transaction used the same device and card as any previous, undisputed transactions
  - Proof that the device ID number, IP address and geographic location and name of device (if available) are linked to the cardholder profile on record with the merchant
  - Description of the goods or services and the date and time they were purchased and successfully downloaded.
  - Customer name linked to the customer profile on record at the merchant
  - Evidence that the customer password was re-entered on the merchant's website or application at the time of purchase
  - Evidence that the merchant validated the card when the cardholder first linked the card to the customer profile on record at the merchant

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 81. The cardholder states that they engaged in the face-to-face transaction and gave you his account number for verification purposes only; however, the account was billed. How would this chargeback be remedied?

> **Answer:** You would need to provide proof that the cardholder authorized the transaction on their credit card, by supplying proof that the card was electronically captured (Swiped, Chip, Contactless) or imprinted, transaction receipt reflecting the cardholder's signature.

Scenario #2

A chargeback was received from a European issuer for reason code 81. The cardholder states that their card was stolen and provided a list of transactions that they did not authorize. What would remedy this chargeback?

> **Answer:** A magnetic stripe read or imprinted transaction receipt with the cardholder's signature or supporting documentation to prove the transaction was processed using a Chip Pin compliant terminal, and the card was a non-PIN preferring card, or Provide documentation that the transaction was processed using a Chip PIN compliant terminal, and a Chip PIN card was used.

Scenario #3

A face-to-face merchant received a chargeback from the issuer for reason code 81. The cardholder states the transaction was not done by them. What would remedy this chargeback?

> **Answer:** Proof that the transaction was electronically captured (Swiped, Chip, Contactless) and a copy of the sales draft. or supporting documentation to prove participation in the CVV2 Validation Program and the sales draft.

Visa 83 Card-Absent Environnent

Merchant processed a transaction in a card-absent environment without cardholder permission or with a fictitious account number, or processed an electronic commerce transaction that meets specified requirements (card not present transactions).

Time Limit – 120 calendar days from central processing date of the transaction

> **Note**: Visa will consider a dispute invalid for reason code 83 if the transaction was electronically captured at the point of sale (i.e. magnetically swiped, chip, or contactless). Issuers will maintain chargeback rights if the transaction was key-entered or a result of an unattended transaction. This note is not applicable to transactions involving Visa Europe (Issuer or Merchant in Europe)

Possible Cause

- A transaction was made fraudulently by an unauthorized person, **and/or**
- An authorization was not obtained for the transaction, **or**
- Cardholder does not recognize the transaction because their statement reflects a different merchant name

How to Avoid

- Participation in the Verified by Visa Program for ecommerce transactions
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details
- Obtain positive AVS and ship merchandise to the confirmed address only (bill to and ship to address should match), **and**
- Obtain authorization for all transactions, **and**
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- Respond to all retrieval requests within the required timeframe with all appropriate transaction documentation
  Note: Credit cards are not to be used to recover funds from previous chargeback's, bad checks or any other incident were a financial loss occurred

How to Defend

- Provide proof that merchandise was shipped to a positive AVS confirmed address (response of "X" or "Y") and proof of delivery was obtained-Domestic only, signed proof of delivery may be required to further assist in resolving the chargeback **or**
- Proof that CVV2 was utilized and an unsupported (response code of "U") response was received, **or**
- Proof that an unsupported AVS (response code of "U") was received-Domestic only, **or**

- Electronic commerce transaction - proof Verified by Visa was utilized
- For Guaranteed No-Show provide transaction documentation that includes cardholder account number, cardholder name, phone number, check-in date and confirmation number
- Provide Compelling Evidence that the cardholder participated in the transaction.
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Effective Date 10/16/2015: **Excluding Visa Europe** For an airline transaction, evidence that the cardholder name included in the flight manifest for the departed flight matches the name provided on the purchased itinerary
- Effective Date 10/16/2015: **Excluding Visa Europe** For a merchant using Merchant Category Codes (MCCs) 5815—Digital Goods: Media, Books, Movies, Music, 5816—Digital Goods: Games, 5817—Digital Goods: Applications (Excludes Games) and 5818—Digital Goods: Large Digital Goods Merchant, all of the following:
    - Evidence that the merchant is the owner of the operating system for the subject electronic device
    - Evidence that the merchant has been successfully registered into and continues to participate in the Visa Digital Commerce Program
    - Evidence that the account set up on the merchant's website or application was accessed by the cardholder and successfully verified by the merchant before or on the transaction date
    - Evidence that the disputed transaction used the same device and card as any previous, undisputed transactions
    - Proof that the device ID number, IP address and geographic location and name of device (if available) are linked to the cardholder profile on record with the merchant
    - Description of the goods or services and the date and time they were purchased and successfully downloaded.
    - Customer name linked to the customer profile on record at the merchant
    - Evidence that the customer password was re-entered on the merchant's website or application at the time of purchase
    - Evidence that the merchant validated the card when the cardholder first linked the card to the customer profile on record at the merchant

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 83. They supplied a cardholder letter stating he did not make nor authorize the mail-order transaction. You supply a signed delivery receipt and proof that the AVS response was U (service unavailable). What is the resolution of this chargeback?

>**Answer:** The issuer failed to support AVS therefore the issuer is liable for the chargeback. Participating in the Address Verification Service can protect you against fraud cases.

Scenario # 2

A chargeback was received from the issuer for reason code 83. A cardholder letter was supplied reflecting he did not make nor authorize the ecommerce transaction which appeared on his statement. How would this chargeback be remedied?

>**Answer:** Verified by Visa is the only chargeback protection for ecommerce transactions. When you participate in Verified by Visa authentication of the cardholder is verified though a password. You are protected from chargebacks for reason code 75 and 83 when authentication is confirmed or when you have attempted to authenticate the cardholder's identity through the Verified by Visa service.

Scenario # 3

A chargeback was received from the issuer for reason code 83. The cardholder claims he did not make nor authorize the transaction in dispute. A prior retrieval request was submitted by the issuer to obtain a copy of the transaction receipt, however it was not fulfilled. Your rebuttal was received with documentation reflecting that the cardholder filled out an order for merchandise and requested it to be shipped to their residence. Is there any recourse for this chargeback?

>**Answer:** Yes

Visa 93 Merchant Fraud Performance Program – Visa
International Only

Transaction appeared on the Merchant Fraud Performance Program and the issuer had not charged back the transaction for another reason.

Time Limit - 120 calendar days from the date of identification by the Merchant Fraud Performance Program

Possible Cause
- Increase in volume of reported fraud at a merchant location
  Note: Visa will identify merchant locations with excessive fraud as part of the "Merchant Fraud Performance Program"

How to Avoid
- Implement point-of-sale fraud prevention and internal fraud prevention policies to ensure your merchant location maintains acceptable fraud standards

How to Defend
- Provide a written rebuttal if you were not notified that you were identified in the Merchant Fraud Performance Program
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Compelling Evidence

Compelling evidence is documentation provided by the merchant that, while not being a remedy to the chargeback, provides information that supports the merchant's claim that the transaction was made by the cardholder. Primarily for card-not-present transactions, Visa and MasterCard allow for documentation to be used in support of a dispute for fraud.

Effective October 16, 2015, Visa updated their operating regulations to clarify and additional types of Compelling Evidence that can be used during the dispute resolution process for the following chargeback reason codes:

- Reason Code 30 – Services Not Provided or merchandise Not Received
- Reason Code 53 – Not as Described or Defective Merchandise
- Reason Code 81 – Fraud Card-Present
- Reason Code 83 – Fraud Card-Not-Present

Visa's Compelling Evidence Table
All underlined information effective 10/16/2015

Reason Code	Allowable Compelling Evidence
30, 81, 83	For a passenger transport transaction, any of the following: • Proof that the ticket was received at the cardholder's billing address • Evidence that the boarding pass was scanned at the gate • Details of frequent fly miles relating to the disputed transaction that were earned or redeemed, including address and phone number that establish a link to the cardholder • Evidence of additional transactions related to the original transaction, such as purchase of seat upgrades, payment for extra baggage, or purchases made on board the aircraft • For airline transactions involving issuers or acquirers in the **Visa Europe territory only**, evidence that the name included in the flight manifest for the departed flight matches the name provided on the purchased itinerary For a travel and entertainment transaction, evidence that the services were provided and either of the following: • Details of loyalty program rewards earned and/or redeemed, including an address and telephone number that establish a link to the cardholder • Evidence of the following additional transactions related to the original transaction that were not disputed: – Purchase of room/vehicle upgrades or purchases made throughout the hotel stay/vehicle rental

81, 83	For a card-not-present transaction, evidence that the transaction uses data, such as IP address, email address, physical address, and telephone number, that had been used in a previous, undisputed transaction
81, 83	Evidence that the transaction was completed by a member of the cardholder's household.
	Evidence that the person who signed for the merchandise was authorized to sign for the cardholder or is known by the cardholder.
	Evidence of one or more undisputed payments for the same merchandise or service.
81, 83	For a recurring transaction, all of the following: • Evidence of a legally binding contract held between the merchant and the cardholder • Proof the cardholder is using the merchandise or services • Evidence of a previous, undisputed transaction
30, 53, 81, 83	Evidence, such as photographs or e-mails, to prove a link between the person receiving the merchandise or services and the cardholder, or to prove that the cardholder disputing the transaction is in possession of the merchandise and/or is using the service.
30, 81, 83	For a card-not-present transaction in which the merchandise is picked up at the merchant location, any of the following: • Cardholder signature on the pick-up form • Copy of identification presented by the cardholder • Details of identification presented by the cardholder
	For card-not-present transaction in which the merchandise is delivered, documentation (evidence of delivery and time delivered) that the item was delivered to the same physical address for which the merchant received an AVS match of "Y" or "M". A signature is not required as evidence of delivery.

30, <u>53</u>, 81, 83	For an ecommerce transaction which represents the sale of digital goods downloaded from a website <u>or application, description of goods or services successfully downloaded, the date and time such goods or services were downloaded</u>, and <u>two</u> or more of the following: • Purchaser's IP address <u>and the devices geographical location at the date and time of the transaction</u> • <u>Device ID number and name (if available)</u> • Purchaser's <u>name and</u> e-mail address <u>lined to the customer profile on record with the merchant</u> • <u>Evidence that the profile set up by the purchaser on the merchant's website or application was accessed by the cardholder and successfully verified by the merchant before the transaction date</u> • Description of the goods downloaded • Date and time goods were downloaded • Proof that the merchant's website <u>or application</u> was accessed <u>by the</u> cardholder for <u>good or</u> services <u>on or</u> after the transaction date • <u>Evidence that the device and card used in the disputed transaction were the same as in any previous, undisputed transactions</u>
30, 81, 83	For a transaction in which merchandise was delivered to a business address, evidence that the merchandise was delivered and that, at the time of delivery, <u>the cardholder was employed or is working for the company at the address</u> (e.g. confirmation that the cardholder was listed in the company directory or had an e-mail address with the company's domain name). A signature is not required as evidence of delivery.
	For a Mail/Phone Order transaction, a signed order form <u>(not applicable for RC30)</u>

MasterCard 37 No Cardholder Authorization

Merchant processed a transaction in a card-present environment which the cardholder claims is unauthorized and a card imprint and/or cardholder signature is missing on the transaction receipt **or** merchant processed a transaction in a card-absent environment without the cardholder's permission

Time Limit – 120 calendar days from the central processing date of the transaction

Note: MasterCard will consider a dispute invalid for reason code 37 if the transaction was electronically captured at the point of sale (i.e. magnetically swiped, chip, or contactless). Issuers will maintain chargeback rights if the transaction was key-entered or a result of an unattended transaction.

Purchases of digital goods determined to be a result of "True Fraud" are permitted as a chargeback under reason code 37.

Possible Cause
- Cardholder does not recognize the transaction because their statement reflects a different merchant name, **or**
- A transaction was made fraudulently by an unauthorized person **and**
- The credit card was not swiped through the magnetic stripe reader, **or**
- A manual imprint was not obtained on the transaction receipt
- First Installment Billing Payment that the cardholder claims is fraudulent, additional installments will be charged back under MasterCard 50
- True Fraud related digital good purchase. The mobile device was stolen and unauthorized digital goods transactions were completed

How to Avoid
- If unable to swipe the card, always obtain a legible signed imprinted transaction receipt, verify information matches
    - Use proper imprinter for imprint of card when necessary
    - Do not perform pencil rubbings of imprint
    - Do not imprint on the back of the receipt or imprint on blank transaction receipt
- Obtain a magnetic-swipe of the card and obtain a signature (if applicable)
- Obtain authorization for all transactions
- Obtain positive AVS response and ship merchandise to the confirmed address for all card not present transactions, **and**
- Ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- Implement internal fraud prevention policies and procedures for suspicious activity

- Ensure proper and timely response to all retrieval requests
- Participation in the MasterCard Secure Code Program for ecommerce transactions
- Participation in the CVC2 Validation Program for key entered transactions in place of an imprint
  - Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program

Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

- Ensure adequate controls are in place when the cardholder made the transaction
  - Cardholder had the option to disable all digital good purchases as a default setting
  - The time period for digital good purchase did not exceed 15 minutes from the time the cardholder entered their account authentication credentials
  - Cardholder was advised of the purchase and was given the option to confirm or cancel the purchase at the time of the transaction

How to Defend

- Supply imprinted transaction receipt, **or**
- Key entered transaction with CVC2 Validation
  - Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program

Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

- For Mail Telephone and Electronic Commerce transactions provide proof AVS response of X or Y was received, with proof of delivery if available or other documentation showing the merchandise was shipped to the positive AVS confirmed address
  Note: If this is a 2nd chargeback and an updated cardholder letter has been received there is no further recourse
- Electronic Commerce transactions provide proof MasterCard Secure Code response was received, **or**
- Supply explanation and transaction documentation when transaction dates, merchant name and/or location differ, **or**
- For Guaranteed No Show provide transaction documentation that includes cardholder account number, cardholder name and confirmation number, **or**
- Provide documentation to support the transaction was a Chip PIN
- Provide documentation supporting the transaction was made using a Chip terminal, but was processed on a non-Chip card
- Provide documentation supporting the transaction was processed using a Chip PIN preferring terminal on a Non-PIN preferring card
- Follow all instructions provided on the chargeback notification and respond by the due date provided

- Provide proof adequate controls are in place when the cardholder made the transaction
    – Cardholder had the option to disable all digital good purchases as a default setting
    – The time period for digital good purchase did not exceed 15 minutes from the time the cardholder entered their account authentication credentials
    – Cardholder was advised of the purchase and was given the option to confirm or cancel the purchase at the time of the transaction

Compelling Evidence – The merchant may also provide "Compelling Evidence" to support the cardholder participated in the transaction such as:

- A receipt, work order, or other document signed by the cardholder, substantiating that the cardholder received the goods or services.
- Cardholder confirmation of registration to receive electronic delivery of goods or services; or
- Letters, e-mails, faxes, or other written correspondence exchanged between the merchant and cardholder.
- Transaction History for registered online users for example, device type, IP address, or the time and date of purchase
    – This compelling evidence right does not extend to transaction completed by a cardholder visiting a merchant's online website as a guest or unregistered user

Chargeback Scenarios

Scenario #1

A card present chargeback was received from the issuer for reason code 37. The cardholder claims that a transaction was processed to their account which was not authorized by them or any authorized user of the card. How do we resolve this chargeback?

> **Answer:** You can supply proof that the transaction was electronically captured (Swiped, Chip, Contactless) and a copy of the sales draft. or supporting documentation to prove participation in the CVC2 Validation Program and the sales draft.

MasterCard 40 Fraudulent Processing of Transactions

Multiple transactions from a single card occurred at the same merchant location without the cardholder's permission (card present transactions only)

> **Note**: The cardholder admits that one transaction was valid and their cards were in their possession.

Time Limit- 120 calendar days from the central processing date of the transaction

Possible Cause

- Merchant processed multiple transactions and they were not voided, **or**
- Transactions were fraudulently processed at merchant location

How to Avoid

- Ensure errors at point of sale (POS) are voided prior to batch out processing
- Do not batch out transactions multiple times
- If multiple transactions are being completed ensure you obtain magnetic-swipe for each transaction and obtain the cardholder's signature on each transaction receipt
- Educate staff on procedures to eliminate POS fraud

How to Defend

- Evidence that fraudulent multiple transactions did not occur by providing both transaction documents and a written rebuttal explaining the multiple transactions (Point out differences between transactions such as; two different clerks, times of transactions, checkout lanes, different merchandise purchased, etc)
- Provide documentation showing the transaction was processed with a Chip PIN
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 40. The cardholder claims that they participated in one face-to-face transaction but they were charged two more times and their card is still in their possession. How would you resolve this case?

> **Answer:** By supplying documentation to show that the cardholder participated in the transactions and approved all three sales; the chargeback can be represented. This does not guarantee that the chargeback will not be received a second time.

MasterCard 49 Questionable Merchant Activity

Transaction appeared on the MasterCard Global Security Bulletin and the issuer had not charged back the transaction for another reason.

Time Limit-120 calendar days from the Global Security Bulletin publication date or 120 Days from the central processing date of the transaction

Possible Cause

- Increase in volume of reported fraud at a merchant location

  Note: MasterCard will identify merchant locations with excessive fraud as part of the "Global Security Bulletin"

How to Avoid

- Implement point-of-sale fraud prevention and internal fraud prevention policies to ensure your merchant location maintains acceptable fraud standards
- Participation in MasterCard Secure Code Program
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

How to Defend

- Provide written rebuttal if you were not notified that you were identified in the MasterCard Global Security Bulletin, **or**
- For electronic commerce transactions, provide proof MasterCard Secure Code response was received
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details
- Provide proof the transaction was processed with a Chip PIN
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 49. A transaction was processed to the cardholder's account which was listed on the *Global Security Bulletin*. How is this chargeback remedied?

> **Answer:** You must supply documentation stating you are not on the security bulletin. Merchants processing electronic commerce transactions should participate in MasterCard Secure Code and Address Verification Service.
>
> > **Note:** Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

MasterCard 63 Cardholder Does Not Recognize-Potential Fraud

The cardholder claims that he or she does not recognize the transaction appearing on the cardholder statement, and the issuer made a good-faith effort to identify the transaction for the cardholder (card not present transactions only).

The issuer is able submit a subsequent chargeback for the same reason code. The issuer is then required to supply information to show why they have continued to chargeback the transaction, for example the cardholder claims that the transaction is fraudulent.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause
- Cardholder does not recognize the merchant name and/or location that appears on their statement

How to Avoid
- Ensure the most recognizable merchant name is presented to the customer, including correct address and contact information, **and**
- The merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- For transaction that are processed via mail/telephone or the internet:
    – Provide a valid customer service number and/or URL address to be transmitted with the transaction
- Participation in MasterCard Secure Code for card-not-present transactions
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

How to Defend
- Supply legible copy of the transaction document/information to assist cardholder in recognizing the transaction, **or**
- For electronic commerce transactions, provide proof a valid MasterCard Secure Code response was received
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 63. The cardholder has contacted their bank claiming that they do not recognize a transaction which posted to their account. The issuer assisted the cardholder in trying to remember the transaction; however, the cardholder still does not recognize it. How is this chargeback resolved?

Answer: You can supply transaction documentation for the cardholder to review to determine if they recognize the sale. This does not guarantee that a second chargeback will not be received.

Scenario #2

The above situation has occurred. The issuer maintains the chargeback as a second chargeback and supplies documentation to reflect that the cardholder is claiming fraud.

Answer: For Mail Telephone and Electronic Commerce transactions provide proof AVS response of X or Y was received, with proof of delivery if available or other documentation showing the merchandise was shipped to the positive AVS confirmed address **or** provides proof MasterCard Secure Code response was received (ecommerce only).

Note: Please refer to reason code 37 for additional information on avoidance and defense recommendations.

MasterCard 70 Chip Liability Shift

This reason code is used when the cardholder states they did not participate in the transaction and both the issuer and acquirer are located in a country or region that has adopted a domestic or international Chip Liability Shift Program. This reason code can also be used if a fraudulent transaction resulted from the use of a counterfeit card at a non-Chip capable terminal, and the validly-issued card, was an EMV Chip Card.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause

- A transaction was made fraudulently by an unauthorized person

How to Avoid

- Implement internal fraud prevention policies and procedures for suspicious activity
- Obtain authorization for all transactions
- Ensure proper and timely response to all retrieval requests
- Invest into the chip technology

How to Defend

- Provide proof that your terminal is Chip capable, **or**
- Provide documentation supporting the transaction was on a Chip card and was authorized online
- Provide documentation supporting this was not a Chip transaction and the transaction was authorized online
- Provide documentation supporting the issuer authorized the transaction as a result of a technical fallback
- If credit was processed, provide documentation to support; if a partial credit issued, provide documentation to support why only a partial credit was processed

MasterCard 71 Chip/PIN Liability Shift

This reason code is used when the cardholder states they did not participate in the transaction and the card is no longer or has never been, in the possession of the cardholder. This reason code may also be used if a fraudulent transaction resulted from the use of a hybrid PIN-preferring card at a magnetic stripe-reading-only terminal, or at a Chip-capable terminal not equipped with a PIN pad capable of checking the PIN offline. This reason code may also be used if both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional Chip/PIN liability shift program.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause
- A transaction was made fraudulently by an unauthorized person

How to Avoid
- Implement internal fraud prevention policies and procedures for suspicious activity
- Obtain authorization for all transactions
- Ensure proper and timely response to all retrieval requests
- Invest into the chip/PIN technology

How to Defend

- Provide proof that your terminal is Chip/PIN capable, **or**
- Provide documentation supporting the transaction was a Chip card and was authorized online and proof the transaction was completed with a Chip and PIN.
- Provide documentation supporting the transaction was a Chip transaction and authorized online and proof the transaction was completed with Chip while the card was not PIN preferring.
- Provide documentation supporting the transaction was a Chip transaction and authorized online and was the result of a CVM (Cardholder Verification Method) fallback.
- Provide documentation supporting this was not a Chip transaction and the transaction was authorized online
- Provide documentation supporting the issuer authorized the transaction as a result of a technical fallback
- If credit was processed, provide documentation to support; if a partial credit issued, provide documentation to support why only a partial credit was processed

❓ Frequently Asked Questions

My business is mainly completed over the internet. Is there anything that can protect me against fraud?

> **Answer:** Obtaining a positive AVS response and ensuring merchandise is shipped to the same address will deter potential fraud; however the best solution is to enroll in the Verified by Visa program to be protected against fraud committed on a Visa card and Secure Code for MasterCard.

Sometimes the cardholder will present their credit card for payment and it will not swipe through our terminal. How can I protect myself if the magnetic swipe on the card is bad?

> **Answer:** Imprint the front of the credit card on the bottom of the transaction receipt that the cardholder signs. This can be completed with a manual imprinter. Avoid pencil/crayon rubbings as these will not be considered a valid imprint. The CVV2, for Visa, and CVC2, for MasterCard, programs are a replacement for a manual imprint when the card number is manually entered for face to face transactions. Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details.

DISCOVER
CARD

Reason Codes and Description

4752 AA	Does Not Recognize
7010 UA01	Fraud Card Present Transaction
7030 UA02	Fraud Card Not Present Transaction
4866 UA05	Fraud Chip Card Counterfeit Transaction Effective Date 10/16/2015
4867 UA06	Fraud Chip and PIN Transaction Effective Date 10/16/2015

Discover 4752 AA – Does Not Recognize

The cardholder claims that he or she does not recognize the transaction appearing on the cardholder statement, and the issuer made a good faith effort to identify the transaction for the cardholder.

Time Limit – 120 calendar days from the processing date of the transaction.

> **Note**: This reason code cannot be reversed if the merchant failed to respond to a ticket retrieval request.

Possible Cause
- The cardholder does not recognize a charge or credit (other than ATM transaction)

How to Avoid
- Ensure the most recognizable merchant name is presented to the customer, including correct address and contact information, **and**
- Ensure the merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- For transactions that are processed via mail/telephone or the internet:
    - Provide a valid customer service number and/or URL address to be transmitted with the transaction
- Respond to all retrieval requests within the required timeframe with all appropriate transaction documentation
- Supply clear and legible copies of the proper transaction receipt for all retrieval requests

How to Defend
- Supply legible copy of the transaction receipt/information to assist the cardholder in recognizing the transaction
    - Information should include a description of the merchandise or services
- Sales draft signed by cardholder including a cash advance or cash over
- Evidence cardholder received cash in a cash advance or cash over transaction in the amount billed to the account
- Evidence that a credit was issued to the account to correct an error
- Transaction documentation including evidence of an imprint of the card and/or signature or PIN entry

Chargeback Scenarios

Scenario #1

 You fulfilled a Ticket Retrieval request with a signed invoice showing the cardholder ordered merchandise to be delivered to their home.   A chargeback was received from the Issuer for reason code AA stating the cardholder does not recognize the transaction. The invoice you supplied has no details of the merchandise ordered. You submit the same documentation that was submitted at the time of the retrieval request.   How would this case be resolved?

> **Answer:** The reversal would be denied. You would need to supply detailed information showing exactly what merchandise the cardholder ordered. You should also supply signed proof of delivery showing that the merchandise was received by the cardholder.

Scenario #2

You did not fulfill a Ticket Retrieval request with a sales draft. A chargeback was received from the Issuer for reason code AA stating the cardholder does not recognize the transaction. You submit the sales draft with the details of the transaction. How would this case be resolved?

> **Answer:** The reversal request would be denied since you did not respond to the initial ticket retrieval request. This is a non-appealable chargeback.

Discover 7010-UA01 Fraud Card Present Transaction

Merchant processed a transaction in a card-present environment which the cardholder claims is unauthorized and a card imprint and/or cardholder signature is missing on the transaction receipt.

Time Limit – 120 calendar days from the processing date of the transaction.

Note: If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a final and non-appealable Chargeback.

Possible Cause

- The credit card was not swiped through the magnetic stripe reader, **or**
- A manual imprint was not obtained when account information was key-entered
- Cardholder signature was not obtained on the transaction receipt
- Failed to identify card not present transaction as MO/TO or ecommerce
- Failure to respond properly to a prior retrieval request
- Cardholder did not approve or participate in a Card Present Card Transaction

How to Avoid

- If unable to swipe the card, always obtain a legible signed imprinted transaction receipt, verify information matches
    - Use proper imprinter for imprint of card when necessary
    - Do not perform pencil rubbings of imprint
    - Do not imprint on the back of the receipt or imprint on blank transaction receipt
- Magnetic-Swipe card for each transaction and obtain signature
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure proper and timely response to all retrieval requests

How to Defend

- Supply a signed, magnetic swiped or imprinted transaction receipt
- Provide a valid, legible Transaction Receipt for a keyed Card Transaction that includes a valid signature and indication that Merchant was not required by the Operating Regulations to obtain a Card imprint because Merchant submitted CID with the Authorization Request
- Merchant was not required by the Operating Regulations to obtain a Card imprint because the Merchant submitted CID with authorization request and the issuer sent a positive authorization response, but CID was mismatched, or the issuer did not verify the CID
- Compelling evidence including any of the following regarding the dispute:
    - Letters, e-mails, photographs, faxes, or other written correspondence exchanged between the merchant and the cardholder

- Receipts, work orders, or other documents signed by the cardholder, substantiating that the cardholder received the goods or services
- "Site-to-store" Card Not Present Transactions – cardholder signature on the pick-up form or copy of cardholder identification
- Proof of delivery or evidence that the goods or services were delivered as directed by the cardholder

- Follow all instructions provided on the chargeback notification and respond by the due date provided

Note: If the Issuer uses the UA01 Reason Code to initiate a Chargeback for failure to respond to a Ticket Retrieval Request the Merchant does not have the right to respond to the Chargeback Request and such Chargeback is final and non-appealable.

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code UA01. The cardholder states that they engaged in the face-to-face transaction and gave you his account number for verification purposes only; however, the account was billed. How would this chargeback be remedied?

> **Answer:** You would need to provide proof that the cardholder authorized the transaction on their credit card, by supplying a swiped or imprinted transaction receipt reflecting the cardholder's signature.

Scenario #2

A chargeback was received from the issuer for reason code UA01. The cardholder states that their card was stolen and provided a list of transactions that they did not authorize. What would remedy this chargeback?

> **Answer:** A magnetic stripe read or imprinted transaction receipt with the cardholder's signature.

Scenario #3

You did not fulfill a Ticket Retrieval request with a sales draft. A chargeback was received from the Issuer for reason code UA01 stating the cardholder did not participate in the transaction. You submit the sales draft with the details of the transaction. How would this case be resolved?

> **Answer:** The reversal request would be denied since you did not respond to the initial ticket retrieval request. This is a non-appealable chargeback.

Discover 7030-UA02 Fraud Card-Not-Present Transaction

Merchant processed a transaction in a card-absent environment without cardholder permission or with a fictitious account number.

Time Limit – 120 calendar days from processing date of the transaction.

Note: If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a final and non-appealable Chargeback.

Possible Cause

- A transaction was made fraudulently by an unauthorized person

- The Issuer determines that the Merchant did not verify the numeric portion of the Cardholder's billing address and ZIP code using AVS for a Card Present Card Sale or a Card Not Present Card Sale with a Card issued in the U.S. and a Card Transaction conducted in the U.S obtain an AVS match and/or CID was not included with the Authorization Request

How to Avoid

- Obtain positive AVS and ship merchandise to the confirmed address only (bill to and ship to address should match), **and**
- Obtain authorization for all transactions, **and**
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- Respond to all retrieval requests within the required timeframe with all appropriate transaction documentation
- Submit the CID with the authorization request

How to Defend

- Provide valid Proof of Delivery
- Provide CID transmitted with the authorization request and a positive AVS response was received
- Provide valid, legible documentation that includes a valid authorization code and brief description of the goods or services including the quantity purchased
- Compelling evidence including any of the following regarding the dispute:
    - Letters, e-mails, photographs, faxes, or other written correspondence exchanged between the merchant and the cardholder
    - Receipts, work orders, or other documents signed by the cardholder, substantiating that the cardholder received the goods or services

- "Site-to-store" Card Not Present Transactions – cardholder signature on the pick-up form or copy of cardholder identification
- Proof of delivery or evidence that the goods or services were delivered as directed by the cardholder
- Any of the following:
  - Cardholder confirmation of registration to receive electronic delivery of goods or services
  - Cardholder's e-mail or IP address, date and time of download, description of goods downloaded or log documenting the receipt of downloaded material on or after the transaction date.

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code UA02. They supplied information stating the cardholder did not make nor authorize the mail-order transaction. You supply a signed delivery receipt and proof that a positive AVS response was obtained. What is the resolution of this chargeback?

> **Answer:** The information supplied from you would be a valid representment; however, this does not guarantee that a subsequent pre-arbitration case would not be received.

Scenario #2

You did not fulfill a Ticket Retrieval request with a sales draft. A chargeback was received from the Issuer for reason code UA02 stating the cardholder did not participate in the transaction. You submit the sales draft with the details of the transaction. How would this case be resolved?

> **Answer:** The reversal request would be denied since you did not respond to the initial ticket retrieval request. This is a non-appealable chargeback.

Discover 4866-UA05 Fraud Chip Card Counterfeit Transaction Effective Date 10/16/2015

This reason code is used when the cardholder states they did not participate in the transaction and both the issuer and acquirer are located in a country or region that has adopted a domestic or international Chip Liability Shift Program. This reason code can also be used if a fraudulent transaction resulted from the use of a counterfeit card at a non-Chip capable terminal, and the validly-issued card, was an EMV Chip Card.

Time Limit – 120 calendar days from processing date of the transaction.

Note: UA01 is fatal when the Acquirer or Merchant fails to respond to a retrieval request code 03-Transaction Documentation Request due to the Cardholder Dispute or 04-Transaction Document Request for Fraud Analysis for Potential Fraud.

Possible Cause
- A transaction was made fraudulently by an unauthorized person

How to Avoid
- Implement internal fraud prevention policies and procedures for suspicious activity
- Obtain authorization for all transactions
- Ensure proper and timely response to all retrieval requests
- Invest in the chip technology

How to Defend

- Provide proof that your terminal is Chip capable, **or**
- Provide documentation supporting the transaction was on a Chip card and was authorized online
- Provide documentation supporting this was not a Chip transaction and the transaction was authorized online
- Provide documentation supporting the issuer authorized the transaction as a result of a technical fallback
- If credit was processed, provide documentation to support; if a partial credit issued, provide documentation to support why only a partial credit was processed

Discover 4867-UA06 Fraud Chip and PIN Transaction Effective Date 10/16/2015

This reason code is used when the cardholder states they did not participate in the transaction and the card is no longer or has never been, in the possession of the cardholder. This reason code may also be used if a fraudulent transaction resulted from the use of a hybrid PIN-preferring card at a magnetic stripe-reading-only terminal, or at a Chip-capable terminal not equipped with a PIN pad capable of checking the PIN offline. This reason code may also be used if both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional Chip/PIN liability shift program.

Time Limit-120 calendar days from the central processing date of the transaction

Note: UA01 is fatal when the Acquirer or Merchant fails to respond to a retrieval request code 03-Transaction Documentation Request due to the Cardholder Dispute or 04-Transaction Document Request for Fraud Analysis for Potential Fraud.

Possible Cause
- A transaction was made fraudulently by an unauthorized person

How to Avoid
- Implement internal fraud prevention policies and procedures for suspicious activity
- Obtain authorization for all transactions
- Ensure proper and timely response to all retrieval requests
- Invest into the chip/PIN technology

How to Defend

- Provide proof that your terminal is Chip/PIN capable, **or**
- Provide documentation supporting the transaction was a Chip card and was authorized online and proof the transaction was completed with a Chip and PIN.
- Provide documentation supporting the transaction was a Chip transaction and authorized online and proof the transaction was completed with Chip while the card was not PIN preferring.
- Provide documentation supporting the transaction was a Chip transaction and authorized online and was the result of a fallback.
- Provide documentation supporting this was not a Chip transaction and the transaction was authorized online
- Provide documentation supporting the issuer authorized the transaction as a result of a technical fallback
- If credit was processed, provide documentation to support; if a partial credit issued, provide documentation to support why only a partial credit was processed

Reason Codes and Description

F10	Missing Imprint
F14	Missing Signature
F24	No Cardholder Authorization
F29	Card Not Present
F30	EMV Counterfeit
F31	Lost/Stolen

AMEX F10 Missing Imprint

Cardholder claims that they did not participate in the charge and the merchant has not provided a copy of an imprint of the card.

Notes:
- Not applicable to Card Not Present transactions
- Qualified Keyed No Imprint Program transactions are excluded

Possible Cause
- The credit card was not swiped through the magnetic stripe reader, **or**
- A manual imprint was not obtained when account information was key-entered
- Failed to identify Card Not Present transaction as MO/TO or eCommerce
- Failure to respond properly to a Retrieval Request

How to Avoid
- If unable to swipe the card, always obtain a legible signed imprinted transaction receipt, verify information matches
  - Use proper imprinter for imprint of card when necessary
  - Do not perform pencil rubbings of imprint
  - Do not imprint on the back of the receipt or imprint on blank transaction receipt
- Magnetic-Swipe card for each transaction and obtain signature
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure proper and timely response to all Retrieval Requests

How to Defend
- Supply sales draft with a legible imprint, signature or PIN, **or**
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from AMEX for reason code F10. The cardholder states that they engaged in a face-to-face transaction and gave you his account number for verification purposes only; however, the account was billed. How would this chargeback be remedied?

> **Answer:** You would need to provide proof that the cardholder authorized the transaction on their credit card, by supplying proof that the card was electronically captured (Swiped, Chip, and Contactless) or manually imprinted, transaction receipt reflecting the cardholder's signature.

Scenario #2

A face-to-face merchant received a chargeback from AMEX for reason code F10. The cardholder states the transaction was not done by them. What would remedy this chargeback?

> **Answer:** Proof that the transaction was electronically captured (Swiped, Chip, Contactless) and a copy of the sales draft.

AMEX F14 Missing Signature

Cardholder claims they did not participate in this charge and the merchant has not provided a copy of the Cardholders signature to support the charge.

Notes:
- Not applicable to Card Not Present charges, charges at Customer Activated Terminals (CATs) or charges that qualify under the No Signature Program

Possible Cause
- Cardholder signature was not obtained on the transaction receipt
- Proof that the charge qualifies under the No Signature Program
- Proof of a CAT transaction
- Failure to respond properly to a Retrieval request

How to Avoid
- Obtain a signature on all transactions, excluding those that qualify for the No Signature Program
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure proper and timely response to all retrieval requests

How to Defend
- Supply sales draft with a legible signature or PIN, **or**
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from AMEX for reason code F14. The cardholder states that they engaged in the face-to-face transaction and gave you his account number for verification purposes only; however, the account was billed. How would this chargeback be remedied?

> **Answer:** You would need to provide proof that the cardholder authorized the transaction on their credit card, by supplying proof that the card was electronically captured (Swiped, Chip, and Contactless) or manually imprinted, transaction receipt reflecting the cardholder's signature.

Scenario #2
A face-to-face merchant received a chargeback from AMEX for reason code F14. The cardholder states the transaction was not done by them. What would remedy this chargeback?

> **Answer:** Proof that the transaction was electronically captured (Swiped, Chip, Contactless) and a copy of the signed sales draft.

AMEX F24 No Cardholder Authorization

The cardholder denies participating in the transaction submitted and the merchant has failed to provide proof that the cardholder participated in the charge

Possible Cause
- Cardholder does not recognize the transaction because their statement reflects a different merchant name, **or**
- A transaction was made fraudulently by an unauthorized person **and**
- The credit card was not swiped through the magnetic stripe reader, **or**
- A manual imprint was not obtained on the transaction receipt

How to Avoid
- If unable to swipe the card, always obtain a legible signed imprinted transaction receipt, verify information matches
    - Use proper imprinter for imprint of card when necessary
    - Do not perform pencil rubbings of imprint
    - Do not imprint on the back of the receipt or imprint on blank transaction receipt
- Obtain a magnetic-swipe of the card and obtain a signature (if applicable)
- Obtain authorization for all transactions
- Ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure proper and timely response to all Retrieval Requests

How to Defend
- Supply imprinted transaction receipt, **or**
- Supply explanation and transaction documentation when transaction dates, merchant name and/or location differ, **or**
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A card present chargeback was received from AMEX for reason code F24. The cardholder claims that a transaction was processed to their account which was not authorized by them or any authorized user of the card. How do we resolve this chargeback?

> **Answer:** You can supply proof that the transaction was electronically captured (Swiped, Chip, Contactless) and a copy of the signed sales draft.

AMEX F29 Card Not Present

The cardholder denies participating in a mail order, telephone order, or internect transaction

Possible Cause
- A transaction was made fraudulently by an unauthorized person, **and/or**
- An authorization was not obtained for the transaction, **or**
- Cardholder does not recognize the transaction because their statement reflects a different merchant name

How to Avoid
- Obtain authorization for all transactions, **and**
- Implement internal fraud prevention policies and procedures for suspicious activity
- Ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- Respond to all Retrieval Requests within the required timeframe with all appropriate transaction documentation

  Note: Credit cards are not to be used to recover funds from previous chargeback's, bad checks or any other incident where a financial loss occurred

How to Defend
- Proof that the cardholder participated in the charge (e.g. billing authorization, usage details, contract), **or**
- Proof that the merchant attempted to valid the CID and did not receive a response or received an 'unchecked' response
- Proof that the merchant validated the address via Authorization and shipped goods to the validated address
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from AMEX for reason code F29. The cardholder claims he did not make nor authorize the transaction in dispute. Your rebuttal was received with documentation reflecting that the cardholder filled out an order for merchandise and requested it to be shipped to their residence. Is there any recourse for this chargeback?

  Answer: Yes, the information will be supplied to AMEX for review.

AMEX F30 Counterfeit Effective Date 10/16/2015

This reason code is used when the cardholder states they did not participate in the transaction and both the issuer and acquirer are located in a country or region that has adopted a domestic or international Chip Liability Shift Program. This reason code can also be used if a fraudulent transaction resulted from the use of a counterfeit card at a non-Chip capable terminal, and the validly-issued card, was an EMV Chip Card.

Possible Cause

- A transaction was made fraudulently by an unauthorized person

How to Avoid

- Implement internal fraud prevention policies and procedures for suspicious activity
- Obtain authorization for all transactions
- Ensure proper and timely response to all retrieval requests
- Invest in the chip technology

How to Defend

- Provide proof that your terminal is Chip capable, **or**
- Provide documentation supporting the transaction was on a Chip card and was authorized online
- Provide documentation supporting this was not a Chip transaction and the transaction was authorized online
- Provide documentation supporting the issuer authorized the transaction as a result of a technical fallback
- If credit was processed, provide documentation to support; if a partial credit issued, provide documentation to support why only a partial credit was processed

AMEX F31 Lost/Stolen Effective Date 10/16/2015

This reason code is used when the cardholder states they did not participate in the transaction and the card is no longer or has never been, in the possession of the cardholder. This reason code may also be used if a fraudulent transaction resulted from the use of a hybrid PIN-preferring card at a magnetic stripe-reading-only terminal, or at a Chip-capable terminal not equipped with a PIN pad capable of checking the PIN offline. This reason code may also be used if both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional Chip/PIN liability shift program.

Possible Cause
- A transaction was made fraudulently by an unauthorized person

How to Avoid
- Implement internal fraud prevention policies and procedures for suspicious activity
- Obtain authorization for all transactions
- Ensure proper and timely response to all retrieval requests
- Invest into the chip/PIN technology

How to Defend

- Provide proof that your terminal is Chip/PIN capable, **or**
- Provide documentation supporting the transaction was a Chip card and was authorized online and proof the transaction was completed with a Chip and PIN.
- Provide documentation supporting the transaction was a Chip transaction and authorized online and proof the transaction was completed with Chip while the card was not PIN preferring.
- Provide documentation supporting the transaction was a Chip transaction and authorized online and was the result of a fallback.
- Provide documentation supporting this was not a Chip transaction and the transaction was authorized online
- Provide documentation supporting the issuer authorized the transaction as a result of a technical fallback
- If credit was processed, provide documentation to support; if a partial credit issued, provide documentation to support why only a partial credit was processed

American Express Oil Fraud Protection Program

The Oil Fraud Protection Program addresses counterfeit fraud Chargebacks at fuel pump Customer Activated Terminals (CATs). Under this program, American Express will not exercise Chargeback for the amount of the Charge up to $100 provided that both the Establishment and each Charge meet the following criteria:

- The Authorization request meets the data requirements listed in Section 4.3, "Customer Activated Terminals"
- The Authorization request must include the correct Merchant Category Code (MCC) for "automated fuel dispensers" (5542),
- The Issuer determines that the Card used to initiate the Charge was counterfeit, **and**
- The Establishment qualified for Chargeback protection under the program at the time of the Charge, as follows:
  - For an Establishment to qualify under the Oil Fraud Protection Program
    - Must authorize and submit Transactions under the unique Merchant Number (Seller ID) assigned to the Establishment, **and**
    - Must have, in a given month, a counterfeit fraud to Charge volume ratio below 1%. An Establishment whose counterfeit fraud to Charge volume ratio rises to or exceeds 1% in a given month will not qualify under the Oil Fraud Protection Program until the ratio falls below 1% for three (3) consecutive months.
    - Notwithstanding the foregoing, the Oil Fraud Protection Program does not apply to Merchants that submit less than one Merchant Number (Seller ID) consolidated Charges from multiple Establishments (i.e., central submitters) or to the Establishments that those Merchants submit on behalf of.

American Express offers a variety of fraud prevention tools which may enable Merchants to reduce fraud in order to qualify and retain eligibility for the program.

Non-Receipt of Information

Failure to Respond to a Retrieval Request or Cardholder Does Not Recognize

Reason Codes and Description

75 – Cardholder Does Not Recognize

Reason Codes and Description

02 – Requested/Required Information
      Illegible or Missing

Visa 75 Cardholder Does Not Recognize Transaction

The cardholder claims that he or she does not recognize the transaction appearing on the cardholder statement, and the issuer made a good faith effort to identify the transaction for the cardholder.

Time limit-120 calendar days from the central processing date of the transaction

Notes:

- Visa will consider a dispute invalid for reason code 75 if the transaction was electronically captured at the point of sale (i.e. magnetically swiped, chip, or contactless). Issuers will maintain chargeback rights if the transaction was key-entered or a result of an unattended transaction. This note is not applicable to transactions involving Visa Europe (Issuer or Merchant in Europe). Visa Europe will be included in considering a dispute invalid if the transaction was electronically captured at the point of sale.

Possible Cause
- Cardholder does not recognize the merchant name and/or location that appears on their statement

How to Avoid
- Ensure the most recognizable merchant name is presented to the customer, including correct address and contact information, **and**
- The merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- For transactions that are processed via mail/telephone or the internet:
    – Provide a valid customer service number and/or URL address to be transmitted with the transaction
- Participation in the Verified by Visa program for ecommerce transactions
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details

How to Defend
- Supply a copy of the transaction receipt or a detailed description of the goods or services purchased by the cardholder, and if applicable, additional information or transaction data that was not required in the clearing record, or
- Proof that a valid Verified by Visa response was received for ecommerce transactions.
  Note: Please refer to Chapter Seven "Visa/MasterCard Programs & Services" for additional details
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 75. The cardholder has contacted their bank claiming they do not recognize a transaction. The issuer has made an effort to identify the transaction, but the cardholder still did not recognize it. How do you resolve this chargeback?

> **Answer:** Supplying documentation to show the details of the transaction is a valid remedy. Be aware that this remedy does not guarantee that another chargeback will not be received for a different reason.

Scenario #2

The issuer initiated a retrieval request to assist the cardholder in recognizing the transaction prior to submitting a chargeback on a European issued card. The retrieval request was not fulfilled and the cardholder continues to claim that they do not recognize the transaction. A chargeback was received from the issuer for reason code 75. Your rebuttal was received with a signed and imprinted transaction receipt including the merchandise which was purchased. Can this chargeback be remedied?

> **Answer:** Yes

MasterCard 02 Requested/Required Information Illegible or Missing

Requested\required information was illegible or missing on the retrieval request fulfillment

Please refer to Chapter 3 of this guide "Requirements for a valid fulfillment"

Time Limit-60 days from the retrieval request date

Possible Cause
- Transaction documentation that was provided to fulfill the retrieval request was illegible, **or**
- Transaction documentation was missing required information

How to Avoid
- Respond to all retrieval requests within the required timeframe with legible transaction documentation
- Ensure all required data elements are present on the transaction receipt

How to Defend
- Supply a clear and legible copy of the transaction documentation that was provided as fulfillment on the original retrieval request.
- Provide documentation to support the transaction was completed using a Chip PIN
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 02 claiming the credit card number is illegible. How can this chargeback be resolved?

> **Answer:** You may supply a clearer copy of the transaction receipt reflecting a legible account number. Please be aware that supplying a clear and legible copy of the transaction receipt in the chargeback cycle does not guarantee that a chargeback for a different reason will not be received.

Frequently Asked Questions

The substitute draft was supplied to a retrieval request; however, we have received a chargeback for reason code 75. Is this valid?

> **Answer:** Yes. The purpose of this reason code is to provide the cardholder with details regarding the transaction in question in order for them to recognize the sale. You will need to provide all documentation regarding the transaction, including but not limited to invoices, agreements, and proof of delivery depending on your type of business.

Authorization Issues

Proper authorization procedures were not followed and valid authorization was not obtained.

MasterCard determined that there is no need to distinguish among three separate authorization –related chargebacks, specifically reason codes 07, 08 and 12. MasterCard strongly recommends relying on message reason code 08 as the primary reason code to address all authorization related disputes. Until MasterCard decides to remove the separation between the three codes, this guide will continue to document each code separately.

Reason Codes and Description

70 – Account Number on Exception File

71 – Declined Authorization

72 – No Authorization

73 – Expired Card

77 – Non-Matching Account Number

78 – Service Code Violation

Reason Codes and Description

07 – Warning Bulletin File

08 – Requested/Required Authorization
  Not Obtained

12 – Account Number Not on File

Visa 70 Account Number on Exception File International Only

Merchant did not check the card recovery bulletin or exception file for a transaction with an amount that was below the floor limit. Note: Excludes U.S. Domestic Transactions. Effective 10/16/2015 Visa will implement changes to support revised floor limits in all Visa International/Europe countries, except Hong Kong, Japan, Nigeria and Taiwan.

Time limit – 75 calendar days from the central processing date of the transaction

Possible Cause
- Transaction was processed without electronic authorization, voice approval, account verification or exception file was not checked, **or**
- Card was magnetic swiped, received a declined response and the transaction was processed instead of asking for another form of payment

How to Avoid
- Ensure all transactions are magnetically swipe read and authorized, **or**
- If magnetic stripe reader is down, call voice center for authorization and obtain an imprint of credit card on the transaction receipt

How to Defend
- Provide a signed, magnetic swiped or imprinted and authorized transaction receipt
- Provide documentation supporting the transaction was processed using a Chip terminal and was properly authorized
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 70 due to the fact that the transaction was above the floor limit and you did not receive an authorization. How would this chargeback be resolved?

> **Answer:** The only resolution for this situation would be to provide proof that an authorization was granted for the transaction that was above the floor limit.

Visa 71 Declined Authorization

Merchant completed a transaction after receiving a "decline" response.

Time limit – 75 calendar days from the central processing date of the transaction

Possible Cause
- Decline authorization response was received; however, the transaction was still processed

How to Avoid
- If a decline response is received do not attempt to swipe the card again, obtain another form of payment
- Confirm valid authorization was received prior to processing all transactions, **and**
- Ensure all staff members are aware of your authorization processing procedures including voice authorization requirements

  Do Not:
- Request subsequent authorization on same day after a "Decline", "Pickup" or "Referral" or other non-approval response received. (you may attempt for a lesser amount, if the terms of the transaction change)
- Force sale a transaction after a "Decline" response is received
- Split transaction amount into separate smaller transaction amounts to obtain authorizations after a "Decline" response is received
  Note: Split tender is only permitted for multiple different payment methods
- "Key Enter" or call to obtain a "Voice Authorization" after a "Decline" response is received
- Contact the card issuer directly to obtain an authorization
- "Fish" for authorization by lowering the amount or altering any of the transaction elements

How to Defend
- Provide proof that a valid authorization was obtained on the transaction date for card present transactions, **or** within seven calendar days prior to the transaction date for MO/TO or ecommerce transactions
- Provide documentation to support the transaction was completed via Chip with offline authorization. **Note**: Not applicable to the U.S. region.
- For LAC region: H&C Merchant ensure approval is received upon patient's check-in date.
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 71; claiming that the transaction was declined.

> **Answer:** This would be a valid debit if a decline response was received and the transaction was subsequently processed. When a declined response is received do not process the transaction and ask for another form of payment.

Visa 72 No Authorization

Merchant did not obtain proper authorization for a transaction.

Time limit – 75 calendar days from the central processing date of the transaction

Possible Cause

- Transaction was processed without obtaining a valid authorization code, **or**
- Valid authorization was granted and subsequently reversed, however the transaction was processed without receiving additional authorization, **or**
- Automated Fuel Dispenser transaction received the $1.00 status check approval; however, the transaction exceeded the maximum threshold amount, **or**
- Merchant in the tipping industry received an authorization; however, the final amount that was processed exceeded the tip percent allowed
- If the merchant obtains authorization using invalid or incorrect transaction data

How to Avoid

- Obtain a valid authorization prior to processing the transaction
- Automated Fuel Dispenser Merchants
  - Obtain the status check approval for $1.00 and ensure that the transaction does not exceed the maximum threshold amount
    Threshold Amounts for Automated Fuel Dispenser
    Visa Domestic/MCC 5542-Self Service Terminal
    - $150.00 Visa Fleet Cards
    - All other cards $75.00
    - All other cards $100.00
    Visa International/MCC 5542-Self Service Terminal
    - All card types $75.00

  Notes:
  - If a decline is received do not attempt to swipe the card again, obtain another form of payment
  - If a merchant receives a partial authorization, only the amount exceeding the partial amount is permitted to be charged back
  - Call voice center for authorization and make an imprint of credit card on transaction document with the cardholders signature if magnetic swipe reader is down or if a referral response is received
  - Tipping industry-If final amount exceeds amount authorized by more than the percentage allowed, you must authorize the additional amount
    - Restaurants, Taxicabs, Limousines, Bars, Taverns, Beauty, Barber Shops, Health Spas and Beauty Spas authorization amount plus 20%
    - Travel and Entertainment authorization amount plus 15%
    - Car Rental only – 15% or USD $75 whichever is greater

<div style="background-color:#9FC5E8">How to Defend</div>

- Provide proof that a valid authorization was obtained on the transaction date for card present transactions, **or** within seven calendar days prior to the transaction date for MO/TO or ecommerce transactions
- Provide documentation supporting the transaction was Chip or Chip PIN and was a fallback to magnetic swipe or key entered and authorization was obtained.
- For LAC Region: H&C Merchant ensure an approval is received upon patient's check-in date
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 72 because an authorization was not requested or received for a transaction.

> **Answer:** Without valid proof that an approval code was received to process the transaction, this would be a valid chargeback to your account.

Scenario #2-Automated Fuel Dispenser
A chargeback was received from the issuer for reason code 72 on a Visa Domestic Consumer card type. The original transaction was $80.00 and the merchant obtained a status check approval for $1.00.

> **Answer:** The chargeback is valid for the difference of $5.00 since the transaction exceeded the maximum threshold amount of $75.00.
> The chargeback is the Issuers liability

Scenario #3-Restaurant
A chargeback was received from the issuer for reason code 72 because the posted transaction amount exceeded the authorized amount. The merchant obtained an authorization for $20.00 and posted the transaction in the amount of $22.50, which included the tip left by the cardholder.

> **Answer:** The chargeback is invalid due to the fact that the tip amount did not exceed the 20 percent variance allowed for restaurants.

Scenario #4-Card-Not-Present Transaction
A chargeback was received from the issuer for reason code 72 claiming that a valid authorization was not obtained to support the transaction. The merchant obtained an authorization for $150.00; processed one transaction for $75.00 and two days later posted a second transaction using the same authorization code for $75.00.

> **Answer:** The chargeback is invalid due to the fact that the card-not-present authorization was utilized for multiple transactions; which did not exceed the full amount of the original authorization.

Visa 73 Expired Card

A merchant completed a transaction with a card that expired prior to the transaction date and the merchant did not obtain an authorization.

Time limit-75 calendar days from the central processing date of the transaction

Possible Cause
- Expiration date on the card was not valid at the time of the transaction

How to Avoid
- Obtain a valid authorization for all transactions, **and**
- If key entered, imprint the card on the transaction receipt and utilize the expiration date on the card, **and**
- Validate card is not expired by checking the expiration date on the card presented for the transaction
- For card not present transactions, the expiration date given by the cardholder is considered correct

How to Defend
- Provide proof that the card was not expired on the transaction date, **and**
- Ensure a valid authorization was obtained, **or**
- If the transaction was Chip-initiated and authorized offline, provide proof
- Provide documentation supporting the transaction was a Chip transaction
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 73 due to the fact that the issuer claims the card was expired and authorization was not obtained. How would this chargeback be resolved?

> **Answer:** Without an authorization granted by the issuer there is no recourse for this chargeback.

Visa 77 Non-Matching Account Number

A transaction which did not receive an authorization approval was processed using an account number not on the issuer's master files.

Time Limit-75 calendar days from the central processing date of the transaction

Possible Cause
- Account number was entered incorrectly, **or**
- Account number may have been incorrectly recorded for a MO/TO order, **or**
- Transaction was processed when a decline or other non-approved authorization response was received

How to Avoid
- Ensure all transactions received a valid authorization code prior to processing the transaction, **and**
- Obtain a legible magnetic swipe **or** imprinted transaction receipt that is signed
    – Magnetic swipe transaction, compare the account number on the front of the card to the account number on the terminal – if they do not match – call your voice authorization center and follow your internal authorization procedures
- MO/TO transaction, ensure the account number was recorded correctly

How to Defend
- Provide transaction documentation proving the account number was correctly transmitted, **or**
- Proof transaction was Chip initiated and authorized offline
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 77. The issuer is claiming that the account number was not on their master file and that the transaction did not receive a valid approval. How could this chargeback be remedied?

> **Answer:** A signed transaction receipt with a valid authorization code can be supplied reflecting the magnetic swipe or hand-written account number as well as cardholder signature. While this will remedy the chargeback, it is not a guarantee that a chargeback for a different reason code will not be received.

Visa 78 Service Code Violations - International only

The service code on the magnetic strip or chip indicated that the card was invalid for the transaction type and the merchant did not obtain authorization.

Time Limit-75 calendar days from the central processing date of the transaction

Possible Cause
• Transaction was processed without obtaining proper authorization

How to Avoid
• Obtain a valid authorization for all transactions

How to Defend
• Provide proof that a valid authorization was obtained, **or**
• If the transaction was chip initiated and authorized offline; supply proof
• Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 78 because the card type utilized requires all transactions to receive full authorization.

> **Answer:** To remedy this chargeback you will need to prove that a valid authorization was granted.

MasterCard 07 Warning Bulletin

A transaction was not previously authorized with an approval response and the account number is listed in the MasterCard Electronic Warning Bulletin.

Time Limit - 45 calendar days from the central processing date of the transaction

Possible Cause
• Merchant failed to obtain authorization for transaction and account number was listed on the MasterCard Electronic Warning Bulletin

How to Avoid
• Obtain a valid authorization prior to processing all transactions

How to Defend
• Provide proof a valid authorization was obtained for the transaction
• Provide documentation supporting the transaction was processed as a Chip transaction
• Chip: Transaction was less than your floor limit and occurred at a hybrid terminal, and was initiated with a non-EMV Chip card
• Chip: Transaction was greater than the floor limit and occurred at a hybrid terminal, and was initiated with a non-Chip card
• Effective 10/16/2015 Visa will implement changes to support revised floor limits in all Visa International/Europe countries, except Hong Kong, Japan, Nigeria and Taiwan.
• Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 07. A transaction posted to an account that was listed on the warning bulletin and did not receive an authorization. What would resolve this chargeback?

> **Answer:** You will need to supply proof that a valid authorization was received.

MasterCard 08 Requested / Required Authorization Not Obtained

Merchant completed a transaction after receiving a 'declined' response, **or** merchant did not obtain proper authorization for a transaction, or the card has expired.

Time Limit - 90 calendar days from the central processing date of the transaction

The issuer is permitted to batch multiple CAT 3 transactions into a single Reason Code 08 chargeback.

- Each transaction must be less than or equal to US 25 or local currency equivalent
- Total amount of the transactions in the batch must not exceed US 250 or local currency equivalent
- Merchant name must be the same

Possible Cause

- Transaction was processed without obtaining a valid authorization code, **or**
- Automated Fuel Dispenser transaction received the $1.00 status check approval; however, the transaction exceeded the maximum threshold amount, **or**
- Merchant in the tipping industry received an authorization; however, the final amount that was processed exceeded the tip percent allowed

How to Avoid

- Obtain valid authorization prior to processing all transactions
- Automated Fuel Dispenser Merchants
    - Obtain the status check approval for $1.00 and ensure that the transaction does not exceed the maximum threshold amount
        Threshold Amounts for Automated Fuel Dispenser
        MasterCard/MCC 5542-Self Service Terminal
        - $150.00 Corporate and Commercial Card
        - All other cards $100.00

Notes:
- If a decline is received do not attempt to swipe the card again, obtain another form of payment
- Call voice center for authorization and make an imprint of credit card on transaction document with the cardholders signature if magnetic swipe reader is down or if a referral response is received
- Tipping industry- If final amount exceeds amount authorized by more than the percentage allowed, you must authorize the additional amount
    - Any industry that allows a gratuity to be added to the transaction- authorization amount plus 20%
    - Travel and Entertainment authorization amount plus 15%
    - If a merchant receives a partial approval, the merchant may only submit the transaction for the approved amount

How to Defend

- Provide proof that a valid authorization was obtained on the transaction date for card present transactions, **or** supply proof of authorization with date authorization was obtained
- Provide documentation that supports the transaction was processed as a Chip transaction
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Effective October 17, 2014, For Multiple Authorization Requests, Card-Not-Present transaction was declined by the issuer and subsequently approved through Stand-In processing or X-Code with an approval response, excluding:
  – Issuer generated decline response with a value of 02, Cannot approve at this time, try again later
  – Issuer generated approval response after previously declining the authorization

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 08. The issuer receives a transaction that did not have a valid authorization to process. How are these chargebacks remedied?

> **Answer:** You will need to supply proof that a valid authorization was received for the transaction.

Scenario #2-Automated Fuel Dispenser
A chargeback was received from the issuer for reason code 08 for a commercial card, because the transaction amount has exceeded the maximum threshold of the automated fuel dispenser. The original transaction was processed for $180.00 and the merchant obtained a status check approval for $1.00.

> **Answer:** The chargeback is valid for the difference of $30.00 since the transaction exceeded the maximum threshold amount.

Scenario #3-Restaurant
A chargeback was received from the issuer for reason code 08 because the posted transaction amount exceeded the authorized amount. The merchant obtained an authorization for $20.00 and posted the transaction in the amount of $22.50, which included the tip left by the cardholder.

> **Answer:** The chargeback is invalid due to the fact that the tip amount did not exceed the 20 percent that is allowed for restaurants.

MasterCard 12 Account Number not on File

The issuer may pursue this chargeback if the transaction was posted to an account number that does not match any account number on file.

Time Limit - 45 calendar days from the central processing date of the transaction

Possible Cause
- Transaction was processed utilizing an incorrect account number

How to Avoid
- Obtain a valid authorization prior to processing all transactions, **and**
- Magnetic-Swipe or imprint all card present transactions

How to Defend
- Provide proof that a valid authorization was received for magnetic stripe read transactions, **or**
- Supply an imprinted transaction receipt for card present transactions; that were not magnetic stripe read; to prove the account number processed was valid, **or**
- Supply proof of authorization for card not present transactions
- Provide documentation supporting the transaction was processed as a Chip transaction
- Chip: Provide documentation the transaction was processed by a Chip terminal on a non-Chip card
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Effective October 17, 2014, For Multiple Authorization Requests, Card-Not-Present transaction was declined by the issuer and subsequently approved through Stand-In processing or X-Code with an approval response, excluding:
  - Issuer generated decline response with a value of 02, Cannot approve at this time, try again later
  - Issuer generated approval response after previously declining the authorization

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 12. A transaction was processed to an account that does not exist on the issuer's files. How is this chargeback resolved?

> **Answer:** Proof of valid authorization is the only remedy for transactions that were magnetic swiped or keyed entered; key entered transactions must contain a complete imprint of the account number.

? Frequently Asked Questions

Is authorization required on all transactions?

> Yes. The only way to ensure that the card is valid, not expired or statused is to obtain authorization.

I've received a decline response on a transaction. If I receive an approval ten minutes later can I still process this transaction?

> No. When you receive a decline response, the best practice would be to request a different form of payment.

The expiration date on the credit card reflects 10/11; however, we have received cards that reflect an expiration date of 10/15/11. What is the difference?

> 10/11 is reflecting the card is valid until the last day of October 2011, November 1st the card will be expired; while 10/15/11 is stating the card is valid until the 15th of October 2011, October 16, 2011 the card will be expired.

DISCOVER
CARD

Reason Codes and Description	
4863 AT	Authorization Non Compliance
4753 IN	Invalid Card Number

Discover 4863 AT – Authorization Non Compliance

The transaction was not processed with a positive authorization response and/or transaction contains an authorization response after the expiration date on the card.

Time limit – 120 calendar days from the processing date of the transaction.

Possible Cause

- Transaction was processed without electronic authorization, voice approval, account verification, **or**
- Card was magnetic swiped, received a declined response and the transaction was processed instead of asking for another form of payment

How to Avoid

- Do not process a transaction when a declined authorization has been received.
- Do not process a transaction for more than the allowed tolerance level above the authorization amount for the applicable MCC's:
  - Cardholder Activated Terminal: $1 authorization is good for transactions up to $100
    Note: Effective Date 10/16/2015: Clarification was received the $1 USD authorization does protect $100 USD
  - Lodging Merchant: 15% variance allowed between the authorized amount and the amount processed. If variance is greater than 15%, the full amount including the variance must be authorized
  - Car Rental: 15 % variance allowed. If the final amount of sale is less than the amount authorized, merchant must issue a cancellation of the authorization response equal to the amount exceeded
  - Mail Order/Telephone Order: 15% variance allowed for tax or shipping costs
  - Authorization is valid for the actual amount approved if the sale is approved for an amount other than $1
  - The below MCC's are allowed a 20% variance between the authorized amount and the amount processed:
    - 4121 Taxis/Limousines
    - 5812 Restaurants and Eating Places
    - 5813 Drinking Places
    - 5814 Fast Food
    - 7230 Barber/Beauty Shops
    - 7298 Health and Beauty Spas

How to Defend

- Evidence a positive authorization response was obtained
- Evidence the transaction occurred prior to the expiration date on the card

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code AT because an authorization was not requested or received for a transaction.

Answer: Without valid proof that an approval code was received to process the transaction, this would be a valid chargeback to your account.

Scenario #2-Automated Fuel Dispenser

A chargeback was received from the issuer for reason code AT. The original transaction was $120.00 and the merchant obtained a status check approval for $1.00.

Answer: The chargeback is valid for the difference of $20.00 since the transaction exceeded the maximum threshold amount of $100.00.

Discover 4753 IN – Invalid Card Number

The card number submitted in the transaction is not assigned to any valid cardholder or the card number submitted by the merchant is not assigned to the cardholder.

Time limit – 120 calendar days from the processing date of the transaction.

Possible Cause

- The card number submitted in the transaction is not assigned to any valid cardholder or the card number submitted by the merchant is not assigned to the cardholder

How to Avoid

- Ensure the transaction is processed correctly. If the terminal cannot read a magnetic stripe, obtain a manual imprint and have the cardholder sign the imprinted sales draft. When manually keying a manually printed sales draft you must verify that that imprinted account number and the terminal printed account number are the same. If they are different, do not honor the sale
- Be cognizant of key errors/transpositions when manually keying an account number for authorization approval

How to Defend

- We will review authorization records (if applicable) or,
- Provide us with a legible copy of the completed, signed and imprinted/swiped sales draft for possible Representment, or
- If the account number on the sales draft was processed incorrectly, accept the chargeback and process the transaction using the correct account number
- Provide a Transaction Documentation showing a legible Transaction Receipt as evidence that the Card Number was processed correctly is accurate and was not listed on the Negative File at the time that the Merchant used Downtime Authorization Services to obtain an Authorization Response for the Card Transaction; the valid Card Number and evidence that the Card Transaction is billed to the valid Card Number.

  Note: The posting of the correct account number may be subject to a late presentment chargeback.

Reason Codes and Description	
A01	Charge Amount Exceeds Authorization Amount
A02	No Valid Authorization
A08	Authorization Approval Expired

AMEX A01 – Charge Amount Exceeds Authorization Amount

The amount of the authorization approval was less than the amount of the transaction.

Possible Cause

- Transaction was processed without sufficient electronic authorization, voice approval, account verification

How to Avoid

- Do not process a transaction when a declined authorization has been received
- Do not process a transaction for more than the allowed tolerance level
  - Restaurants are allowed a 20% variance between the authorized amount and the amount processed
  - Cruise line, lodging and vehicle rental industries are allowed a 15% variance between the authorized amount and the amount processed

How to Defend

- Evidence authorization was granted for the full amount of the transaction

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code A01 because the authorization was not for the full amount of the transaction.

> **Answer:** Without valid proof that an approval code was received for the full amount of the transaction, this would be a valid chargeback to your account.

AMEX A02 – No Valid Authorization

The transaction submitted did not receive a valid authorization approval; it was declined or the card was expired.

Possible Cause

- Transaction was processed without electronic authorization, voice approval, account verification, **or**
- Card was magnetic swiped, received a declined response and the transaction was processed instead of asking for another form of payment

How to Avoid

- Do not process a transaction when a declined authorization has been received
- Do not process a transaction for more than the allowed tolerance level
    - Restaurants are allowed a 20% variance between the authorized amount and the amount processed
    - Cruise line, lodging and vehicle rental industries are allowed a 15% variance between the authorized amount and the amount processed
- Ensure the transaction is processed correctly. If the terminal cannot read a magnetic stripe, obtain a manual imprint and have the cardholder sign the imprinted sales draft. When keying a manually imprinted sales draft, you must verify that that imprinted account number and the terminal printed account number are the same. If they are different, do not honor the sale
- Be mindful of keying errors and transpositions when manually keying an account number for authorization approval
- Obtain a valid authorization for all transactions, **and**
- If key entered, imprint the card on the transaction receipt and utilize the expiration date on the card, **and**
- Validate card is not expired by checking the expiration date on the card presented for the transaction

How to Defend

- We will review authorization records (if applicable) **or**,
- Provide us with a legible copy of the completed, signed and imprinted/swiped sales draft for possible representment, **or**
- If the account number on the sales draft was processed incorrectly, accept the chargeback and process the transaction using the correct account number
- Provide a transaction documentation showing a legible transaction receipt as evidence that the account number was processed correctly, accurate and was not listed on the Negative File at the time that the merchant used Downtime Authorization Services to obtain an authorization response for the card transaction; the valid account number and evidence that the card transaction is billed to the valid account number.
- Provide proof that the card was not expired on the transaction date, **and**
- Ensure a valid authorization was obtained, **or**
- Proof that the charge was incurred prior to the card expiration date or within the valid dates
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Note: The posting of the correct account number may be subject to a late presentment chargeback.

AMEX A08 – Authorization Approval Expired

The charge was submitted after the authorization approval expired

Possible Cause

- Transaction was processed more than 7 days from the date the authorization was granted (excluding cruise line, lodging and vehicle rental industries)

How to Avoid

- Do not process a transaction more than 7 days after the authorization was received
- Do not process a transaction when a declined authorization has been received
- Do not process a transaction for more than the allowed tolerance level
    - Restaurants are allowed a 20% variance between the authorized amount and the amount processed
    - Cruise line, lodging and vehicle rental industries are allowed a 15% variance between the authorized amount and the amount processed
- Ensure the transaction is processed correctly. If the terminal cannot read a magnetic stripe, obtain a manual imprint and have the cardholder sign the imprinted sales draft. When manually keying a manually printed sales draft you must verify that that imprinted account number and the terminal printed account number are the same. If they are different, do not honor the sale
- Be mindful of keying errors and transpositions when manually keying an account number for authorization approval

How to Defend

- We will review the authorization records (if applicable) **or**
- Provide us with a legible copy of the completed, signed and imprinted/swiped sales draft with unexpired authorization

Cancelled/Returned

Cardholder cancels or requests a refund for a transaction, however a credit is not on their account.

VISA

MasterCard

Reason Codes and Description

41 – Cancelled Recurring Transaction

85 – Credit Not Processed

Reason Codes and Description

41 – Cancelled Recurring and Digital Goods Transactions

50 – Installment Billing Dispute

60 – Credit Not Processed

Visa 41 Cancelled Recurring Transaction

A merchant continues to charge a Cardholder for a Recurring or Preauthorized Health Care Transaction despite cancellation notification or the Transaction amount was not within the preauthorized range. For Latin America & Caribbean region Easy Payment transactions: the transaction amount was not within the range of amounts previously approved by the cardholder.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause:
- Cardholder canceled a recurring transaction; however, they continued to be billed after cancellation, **or**
- Transaction amount charged exceeds the amount the cardholder pre-authorized

How to Avoid
- Cancel the recurring billing as soon as notification is received from the customer, **and**
- Issue a credit as needed to the cardholder in a timely manner
- Notify cardholder and receive authorization to increase transaction amount to continue billing
- Ensure billing and cancellation terms are clear in the contract
- For LAC Easy Pay, notify the cardholder within 5 days of the transaction date and do not exceed the preauthorized range
- Do not continue to bill the cardholders account after a chargeback has been received

How to Defend
- Provide evidence the cardholder did not attempt to cancel the services, **or**
- Proof the cardholder cancelled the transaction on a different date, **or**
- If the cardholder did cancel the service, provide proof a credit was issued prior to the chargeback, **or**
- Provide proof the transaction was an installment billing or not a recurring transaction, **or**
- Provide proof cardholder authorized the increased transaction amount, **or**
- If cardholder was billed in arrears, proof cardholder cancelled in the middle of or at the end of the billing cycle, **or**
- An invoice or POD showing merchandise was shipped prior to cancellation and merchandise was not returned
- Proof cancellation happened within the same month as the billing and partial services were rendered
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 41. The cardholder   claims they cancelled a recurring transaction. You responded with documentation reflecting that the transaction was multiple installment payments. Does this information remedy the chargeback?

> **Answer:** Yes. This reason code is for recurring transaction not for installment conditions.

Scenario #2

A chargeback was received from the issuer for reason code 41. The cardholder claims they cancelled a recurring transaction. You agree that the recurring billing has been cancelled however your business bills at the beginning of the month for services used the previous month. How do you remedy this chargeback?

> **Answer:** Supply a rebuttal and documentation to show that this billing is for services provided the previous month.

*Dispute Group/Cancelled/Returned

Visa 85 Credit Not Processed

A merchant issued a credit transaction receipt or provided a refund acknowledgment, but a credit transaction was not processed; or cardholder returned merchandise or cancelled merchandise or services and the merchant did not issue a credit transaction receipt/refund acknowledgment.

Effective October 16, 2015: Reason code 85 will be invalid for all Visa automated fuel dispensers transactions with MCC 5542 (these chargeback reason codes will still be valid for AFD MCC 5542 transactions involving Visa Europe)

Time Limit - One of the following:

120 calendar days, if 15 or more calendar days from one of the following:

- Credit Transaction receipt or refund acknowledgement date
- Undated Credit Transaction Receipt or refund acknowledgment date of Cardholder letter or notification to issuer (Except for a T&E Transaction, if no written refund acknowledgment, date cardholder returned the merchandise or cancelled the merchandise or services)

120 calendar days from the cancellation date or Central Processing date of the transaction receipt

- For a properly cancelled Visa Reservation Service Transaction
- For a T&E Advance Deposit Transaction, either:
  - Cancellation date
  - Cardholders scheduled date of arrival or vehicle rental
- For an Advance Payment Service Transaction

Possible Cause
- The return/cancellation policy was not properly disclosed to the cardholder, **or**
- Credit was not processed or not processed timely, **or**
- Cardholder properly cancelled a Visa Reservation Service transaction and was billed for a "No Show"
- Credit was not issued for the full amount

How to Avoid
- Proper disclosure of the refund policy for returned/cancelled merchandise, or services must be provided to the cardholder at the time of transaction
  - Card present, cardholder signed the transaction receipt containing disclosure within close proximity to the signature
  - Ecommerce, provide disclosure on website on same page as check out showing cardholder must click to accept prior to completion
- Issue credit to the cardholder on the same account as the purchase in a timely manner
- Ensure delivery of the merchandise or services ordered to the cardholder on or before expected delivery date
  Note: Merchants must process a credit within five calendar days of issuing a credit receipt. Issuer's must also post a credit within three calendar days from receiving the credit.

How to Defend
- Show credit not due by providing proper proof of disclosure was accepted by the cardholder at the time of the transaction
  - Card present, provide signed transaction receipt containing disclosure
  - Ecommerce, provide disclosure on website on same page as the check out showing cardholder must click to accept in order to complete the transaction
- Provide explanation of why credit is not due or returned merchandise was not received
- Provide rebuttal for T&E transaction disputing the validity of the cancellation code for a Visa Reservation Service transaction

- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 85. The issuer supplied a cardholder letter stating that the merchandise was returned; however, no documentation to show that the merchandise received was returned to you. Your response states that there is no record that the merchandise that the cardholder claims to have returned was received. How would this chargeback be remedied?

> **Answer:** The case would be represented back to the issuer with the rebuttal you supplied; however, this does not guarantee that the chargeback will be resolved. When the merchant states that the goods were not received evidence of such must be provided before the issuer submits a subsequent chargeback. The cardholder may provide proof of delivery. You will need to address the proof of delivery supplied. Is it signed by one of your employees or was it sent to the correct address?

Scenario #2

A chargeback was received from the issuer for reason code 85. The issuer supplied documentation from the cardholder stating that they returned the merchandise and received an in-store credit voucher. Your rebuttal states that there is a sign posted next to the register that indicates the cardholder will receive an in-store credit voucher for all returns. Would this rebuttal remedy this chargeback?

> **Answer:** No. The return policy was not properly disclosed to the cardholder at the time of transaction and the merchandise is in your possession.

MasterCard 41 Cancelled Recurring and Digital Goods Transactions

A merchant continues to charge a cardholder for a recurring transaction after notification of cancellation.

Effective October 16, 2015
Note: MasterCard is consolidating the following reason codes under Reason Code 53. Reason Code 53 has been renamed "Cardholder Dispute"
- 41 Cancelled Recurring and Digital Goods Transaction
- 55 Goods or Services Not Provided
- 59 Addendum and No-Show
- 60 Credit Not Processed

Reason Codes 41, 55, 59 and 60 may continue to be used. However, they will eventually be eliminated.

Time Limit: 120 calendar days from the central processing date of the transaction

> **Note:** General terms and conditions cannot be used to enroll a cardholder into a recurring payment transaction. Recurring transaction enrollment terms and conditions must be clear and differentiated from general terms and conditions.

MasterCard has chargeback right for Digital Goods. These transactions can be batched into one chargeback as long as each transaction is under USD 25 and the total of the chargeback does not exceed USD 250.

Possible Cause

- Cardholder canceled a recurring transaction; however, they continued to be billed after cancellation
- Digital Good transaction is in dispute

How to Avoid

- Cancel the recurring billing as soon as notification is received from the customer, **and**
- Issue a credit as needed to the cardholder in a timely manner
- Ensure billing and cancellation terms are clear in the contract
- Do not continue to bill the cardholder's account after a chargeback has been received
- Ensure adequate controls are in place when the cardholder made the transaction
  – Cardholder had the option to disable all digital good purchases as a default setting
  – The time period for digital good purchase did not exceed 15 minutes from the time the cardholder entered their account authentication credentials

- – Cardholder was advised of the purchase and was given the option to confirm or cancel the purchase at the time of the transaction

How to Defend

- If the cardholder used the service after cancellation, provide usage logs to support, as this is not a remedy it can be used to request a representment for the cardholder to address, **or**
- Provide proof that the transaction date occurred prior to the cancellation date or that cancellation happened on the same day as the transaction, **or**
- Information proving the charge is for installment billing and not a recurring charge, **or**
- A signed contract which states the cardholder needed to cancel according to specific terms (i.e. in writing) and the cardholder did not provide proof that they cancelled according to the agreed terms, **or**
- Rebuttal stating cardholder cancelled in middle or at the end of the billing cycle and merchant bills in arrears (after services are rendered), **or**
- Proof cancellation happened within the same month as the billing and partial services were rendered, **or**
- An invoice or POD showing merchandise was shipped prior to cancellation and has not been returned
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Provide proof adequate controls are in place when the cardholder made the digital good transaction

Note: Proof services were provided and or used by cardholder after cancellation may not remedy the chargeback

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 41 for a transaction in May. The cardholder claims they cancelled their internet service on 4/4/10; however, they are being bill for the service in May, June and July. How is this chargeback remedied?

      Answer: You may supply proof that the cardholder did not cancel the services on 4/4/10 as well a rebuttal addressing if the services were used.

MasterCard 50 Installment Billing Dispute (Participating Countries Only)

The total number of installments or the installment amount being billed is not in accordance with the arrangement agreed with the merchant. The installment was billed prematurely, accelerated or was billed after the total amount has been collected.

Note: In instances where the cardholder is claiming fraud, the original transaction will be charged back under MasterCard 37, subsequent installments processed will utilize MasterCard 50.

Time Limit: 120 calendar days from the central processing date of the transaction

Possible Cause
- Cardholder claims the total number of installments or the installment amount being billed is not in accordance with the installment agreement
- Installment was billed early
- Installment was billed after the agreement was met
- The number of installments in the Financial Detail Addendum field differs from the number of installments authorized
- Transaction is not an installment billing transaction
- Installments were not billed in the agree upon timeframe (billed too soon)

How to Avoid
- Ensure correct number or installments are billed for the correct amount and according to the payment schedule
- Ensure billing and cancellation terms are clear in the contract

How to Defend
- Provide proof that the installment agreement has not been met according to the original contract, **or**
- Information proving the charge is for installment billing
- Follow all instructions provided on the chargeback notification and respond by the due date provided
  Note: Proof services were provided and or used by cardholder after cancellation may not remedy the chargeback

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 50 claiming the installment agreement was met the previous month. The cardholder claims their agreement was for six months; however they have been billed seven times. How is this chargeback remedied?

Answer: You may supply proof that the installment agreement was for a different timeframe or support that this is not the seventh billing.

MasterCard 60 Credit Not Processed

A merchant issued a credit transaction receipt or provided a refund acknowledgment, but a credit transaction was not processed; **or** the merchant posted a credit and reduced the amount of the credit due without proper disclosure; **or** cardholder returned merchandise or cancelled merchandise or service and the merchant did not issue a credit transaction receipt/refund acknowledgement, or, the cardholder's account has been inaccurately posted with a debit instead of a credit. This reason code allows the issuer to double the transaction amount.

Effective October 16, 2015
Note: MasterCard is consolidating the following reason codes under Reason Code 53. Reason Code 53 has been renamed "Cardholder Dispute"

- 41 Cancelled Recurring and Digital Goods Transaction
- 55 Goods or Services Not Provided
- 59 Addendum and No-Show
- 60 Credit Not Processed

Reason Codes 41, 55, 59 and 60 may continue to be used. However, they will eventually be eliminated.

Time Limit-120 calendar days from the central processing date of the transaction or 120 days from dated credit slip, date goods returned, or the date services were cancelled
Notes:

- A merchant must disclose their refund policy or special terms at the time of the sale if they are unwilling to accept a return or cancellation for buyer's remorse. Failure to properly disclose the refund policy or special terms prior to completion of the transaction at the point of sale could result in the merchant's requirement to accept the return or cancellation and issue a credit.
- E-commerce transactions, the merchant will be able to utilize a cardholder's electronic acceptance of the terms and conditions to prove that proper disclosure of the refund policy was accepted and agreed to by the cardholder. Examples of a cardholder's electronic acceptance can include but is not limited to the cardholder checking a box or clicking a submit button indicating their acceptance.
- MasterCard is allowing the cardholder to cancel any timeshare contract or similar provisions within 14 calendar days from the date the contract was signed.

Possible Cause

- Merchant accepted return/cancellation and did not issue a credit, or not processed timely **or**
- Credit was not issued for the full amount **or**
- The return/cancellation policy was not properly disclosed to the cardholder

- The merchant intended to issue credit; however, the transaction was processed as a sale

How to Avoid

- Proper disclosure of the refund policy for returned/cancelled merchandise, or services must be provided to the cardholder at the time of transaction
  - Card present, cardholder signed the transaction receipt containing disclosure
  - Ecommerce, provide disclosure on website on same page as check out showing cardholder must click to accept prior to completion
- Issue credit to the cardholder on the same account as the purchase and for the correct amount in a timely manner
- Ensure delivery of the merchandise or services ordered to the cardholder on or before expected delivery date
- Process all transactions using the proper transaction code

How to Defend

- Show credit not due by providing proper proof of disclosure was accepted by the cardholder at the time of the transaction
  - Card present, provide signed transaction receipt containing disclosure
  - Ecommerce, provide disclosure on website on same page as the check out showing cardholder must click to accept completion
- Provide explanation of why credit is not due or returned merchandise was not received
- Follow all instructions provided on the chargeback notification and respond by the due date provided Provide a copy of the transaction documentation to prove it was processed under the appropriate transaction code

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 60. The cardholder has supplied a letter claiming that the merchandise for the transaction was returned; however, a credit was not issued. Your rebuttal states that a credit slip was never provided or promised and the merchandise was not received. How would this chargeback be resolved?

> **Answer:** This chargeback would be represented to the issuer.

Scenario #2

A chargeback was received from the issuer for reason code 60. The cardholder returned merchandise that was purchased on their credit card. You supplied an in-store credit slip. The cardholder refused and requested credit to their credit card which was denied. How would this chargeback be resolved?

> **Answer:** You would need to supply proper disclosure that an in-store credit slip would be given for all returns.   This disclosure must be signed and acknowledged by the cardholder. With this proof the chargeback would be represented.

Scenario #3

A chargeback was received from the issuer for reason code 60, for double the amount of the transaction. The cardholder has contacted their bank claiming that they were issued a credit slip which was processed as a sale. What is the resolution of this chargeback?

Answer: The issuer's chargeback is for the correct amount due to the fact that the cardholder was to receive a credit for the credit receipt; however, they were actually charged again. Therefore the cardholder is due a credit for the billing and a credit as a result of the credit receipt. The only recourse would be to supply proof that the cardholder was not due a credit and the second billing was a valid charge.

Frequently Asked Questions

The cardholder did return their purchase; however, I just realized that their credit was not processed. Can I process the credit now?

If a chargeback has not been received, yes, you may process the credit. If a chargeback has been received, no, do not process the credit. The cardholder will have been issued a credit by the issuer as a result of the chargeback.

DISCOVER
CARD

Reason Codes and Description
4541 AP   Recurring Payments

Discover 4541 AP – Recurring Payments

The transaction was processed after the expiration of the Recurring Payments Plan or after the cardholder notified the merchant to cancel, or the cardholder withdrew permission to charge the account.

Time Limit-120 calendar days from the central processing date of the transaction. Issuer must wait 15 days after the date of cancellation before initiating a chargeback dispute.

Note: The cardholder must first attempt to resolve the claim directly with the merchant.

Possible Cause:

- Cardholder canceled a recurring transaction; however, they continued to be billed after cancellation

How to Avoid

- Cancel the recurring billing as soon as notification is received from the customer, **and**
- Issue a credit as needed to the cardholder in a timely manner
- Notify cardholder and receive authorization to increase transaction amount to continue billing
- Ensure billing and cancellation terms are clear in the contract
- Do not continue to bill the cardholders account after a chargeback has been received

How to Defend

- Proof the cardholder cancelled the transaction on a different date, **or**
- Proof cancellation happened within the same month as the billing and partial services were rendered
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Evidence that the Cardholder did not cancel the Recurring Payments Plan in accordance with the Merchant's policy.

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code AP. The issuer supplied information stating that the transaction was cancelled by the cardholder prior to the date of the transaction being chargeback. Your response states that there is no record that the cardholder cancelled. How would this chargeback be remedied?

> **Answer:** The case would be represented back to the issuer with the rebuttal you supplied; however, this does not guarantee that the chargeback will be resolved.

Scenario #2

A chargeback was received from the issuer for reason code AP The issuer supplied information from the cardholder stating that the transaction but gave a cancellation date that was after the date of the transaction being charged back. How would this case be resolved?

> **Answer:** The case would be resolved to the Issuer as the cardholder's cancellation date is after the date of the transaction being chargeback.

Cardholder Disputes

The cardholder has not received the merchandise or services for the transaction. The merchandise or services provided is being disputed by the cardholder due to inferior quality or was not what was agreed to during the purchase.

VISA

Reason Codes and Description

30 – Services Not Provided or Merchandise Not Received

53 – Not as Described or Defective Merchandise

90 – Non-Receipt of Cash or Load Transaction Value at ATM or Load Device

MasterCard

Reason Codes and Description

53 – Cardholder Dispute Effective 10/16/2015

54 – Cardholder Dispute – Not Elsewhere Classified (U.S. Region Only)

55 – Non-Receipt of Merchandise/Services

59 – No-Show or Addendum Effective 10/16/2015

Visa 30 Service Not Rendered or Merchandise Not Received

Cardholder or person authorized by cardholder did not receive, due to merchant being unwilling or unable to provide:

- Merchandise delivered at the agreed upon location or by the date agreed upon,
- Services purchased,
- Shipped merchandise not received by the agreed upon date,
- Airline or passenger rail ticket ordered via Mail/Phone Order or Electronic Commerce
- No-Show transactions
- Effective October 16, 2015: Reason code 30 will be invalid for all Visa automated fuel dispensers transactions with MCC 5542 (these chargeback reason codes will still be valid for AFD MCC 5542 transactions involving Visa Europe)

Time Limit- 120 Calendar Days from one of the following Central processing date of the transaction

- Expected receipt date, as specified by the cardholder, if merchant agreed to provide service after the central processing date, not to exceed 540 days
- Expected receipt date, as specified by the cardholder, if merchant agreed to provide merchandise after the central processing date

Note: Return and/or limited return policies, although properly disclosed, are not a remedy to chargeback involving quality or non-receipt of services or merchandise.
Note: The issuer is required to supply a detailed description of the goods or services purchased by the cardholder within the chargeback documentation unless it is prohibited by law.

Possible Causes

- Services not provided or merchandise was not received, **or**
- The cardholder was charged prior to merchandise being shipped or merchandise was not received by agreed upon delivery date or location, **or**
- Prepaid merchandise was not available for pickup
- Airline/passenger rail ticket not received as a result of MO/TO or ecommerce

How to Avoid

- Provide Services/Merchandise as agreed upon to the cardholder
- Contact the cardholder in writing if the merchandise or service cannot be provided or is delayed, **and**
- Offer the cardholder the option to cancel if your internal policies allow
- Clearly indicate the expected delivery date on the transaction receipt or invoice, **and**
- Deliver the merchandise to the specified location by the expected delivery date
- If unable to deliver merchandise or provide services, issue credit to the cardholder
- Ensure airline/railway tickets are delivered timely to the cardholder
- Obtain signed proof of delivery for shipped merchandise
- Do not charge the cardholder until the merchandise is shipped

Note: Return and/or limited return policies, although properly disclosed, are not a remedy to a chargeback involving non-receipt of merchandise or services

How to Defend

- Provide a signed Proof of Delivery (POD) for shipped merchandise, **or**
- Proof that merchandise/services were available and able to be provided and the cardholder refused, **or**
- Release form/waiver signed by the cardholder that allows packages to be left at the cardholder's residence without requiring a signature and provide an unsigned proof of delivery (POD)
- If cardholder states merchandise was returned and was not received by merchant; provide a rebuttal addressing cardholder's claims, **or**
- Proof that services were rendered, **or**
- Merchandise was received by cardholder
- Effective Date 10/16/2015: For an airline transaction, evidence that the name included in the flight manifest for the departed flight matches the name provided on the purchase itinerary
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 30 supplying information from the cardholder stating the merchandise ordered was not received. The cardholder contacted you on October 15, 2008 to advise they still have not received the merchandise that was supposed to be received by September 29, 2008. Your customer service agent informed the cardholder that the merchandise would be re-shipped. After a month of waiting for the merchandise to arrive, the cardholder initiated their dispute. In response to the chargeback, you provided proof of delivery dated prior to the cardholder's first contact and proof of positive AVS. How would this case be resolved?

> **Answer:** The rebuttal supplied does not remedy the chargeback. The cardholder claims they did not receive the merchandise as of October 15th. You could supply proof of delivery dated after October 15th to show that the cardholder has received the merchandise; however, this would not guarantee that the chargeback would not be received a second time.

Scenario #2

A chargeback was received from the issuer for reason code 30. The cardholder purchased tickets to a concert which was to be held on August 2nd. You had cancelled the concert and rescheduled the event for September 10th. How would this case be resolved?

> **Answer:** There is no remedy for this chargeback. Reason code 30 is used when the merchant is unwilling or unable to provide the purchased services. Providing an alternate date for an event does not protect you from this reason code if cardholder refuses to attend.

Visa 53 Not as Described or Defective Merchandise

Services or Goods received were not as described on the Transaction Receipt or other documentation presented to the cardholder at the time of the purchase or, for a Mail/Telephone Order Transaction, not the same as the merchants verbal description, or the merchandise was received damaged, defective or otherwise unsuitable for the purpose sold. This reason code may also be used for Quality of Goods or Services for Canada Domestic and Intraregional transactions between Canada and the U.S. This reason code may also be used if the cardholder claims the terms of the sale were misrepresented by the merchant. This reason code may be used if the cardholder claims to have been sold counterfeit goods. This reason code is for disputes related to the quality of goods or services received to all regions

Time Limit: 120 calendar days from one of the following:
- Central processing date of the transaction
- Date cardholder received or expected to receive the merchandise or services
- Date when the cardholder was first made aware the merchandise/service would not be provided, up to the maximum of 540 calendar days from the date of the original transaction
- Central processing date of the balance portion of the transaction for delayed delivery

Or,
- 60 calendar days from receipt date of the first cardholder notification to the issuer if there is evidence of ongoing negotiations with the merchant

Notes:
- Collaborating information may be required to support the chargeback
- Return and or limited return policies although properly disclosed are not a remedy to chargeback involving quality or non-receipt of services or merchandise

Chargebacks for Misrepresented:
- This reason code will address additional Deceptive Marketing Practices such as Business Opportunity and Funds Recovery including Computer Software.

- Visa Europe interregional transaction will be permitted to be disputed by the Issuer for the following transaction types:

- Chargebacks are restricted to transactions with specific categories:
    - Timeshare resellers, timeshare reseller advertisers, or merchants that recover timeshare reseller fees
        - Merchants may or may not be assigned MCC 7012 – Timeshares
        - Does not apply to a merchant that originated the initial sale of a timeshare property or to entities that own the resort or building in which the timeshare is located

- Merchants that are excluded from this chargeback right normally are assigned a unique MCC for travel and entertainment or 3000 series

- Merchants that sell services such as debt consolidation, credit repair, or counseling, mortgage repair, modification or counseling, foreclosure relief, and/or credit card interest rate reduction

  – Merchants that support the services listed above may or may not be assigned an MCC code of 7277 – Counseling Services: Debt, Marriage, Personal
  – Merchants that provide family or personal counseling services (e.g. drug counseling, marriage counseling, etc.) are excluded from this chargeback right

- Merchants that sell computer anti-virus security software products in a card not present environment using one or both of the following deceptive marketing practices to promote their offerings:

  – Inaccurate online advertisements
  – Malicious software downloaded onto a consumer's personal computer (or similar electronic device)
  – Merchants assigned MCC code 5962 – Direct Marketing; Travel-Related Arrangements Services
  – Merchants assigned MCC code 5966 – Direct Marketing; Outbound Telemarketing Merchants

Additional Notes:

Chargebacks for Misrepresented:
- Do not apply to disputes related specifically to quality of the product or service
- Issuers are not required to close the cardholder account
- Evidence of the sales contract signed or acknowledged by the cardholder will not, on its own, be considered a defense

Chargebacks for Counterfeit Goods:

Issuers can initiate chargebacks under this reason code if the cardholder claims to have been sold counterfeit goods. This would include products that are not produced by a legitimate owner or authorized manufacturer, or goods that violate the intellectual property rights of another entity.

Additional Notes:

- Issuers are required to provide information confirming the cardholder was notified that the goods were counterfeit
- The cardholder is not required to return the counterfeit goods or attempt to resolve with the merchant. However, they are required to identify the current location of the counterfeit goods.

Possible Cause

- Cardholder received merchandise that was defective damaged or unsuited for the purpose sold, **or**
- Merchandise/services did not match the description on the transaction documentation presented at the time of purchase, **or**
- Merchandise/services did not match the verbal description for non-face to face transaction presented at the time of purchase
- Merchant does not have the confirmed room available for the cardholder. The hotel arranged for similar accommodations at another hotel but still billed the cardholder.

How to Avoid

- After inspection, obtain the cardholder's signature that the merchandise was received in good condition
- In the event that the cardholder received defective merchandise or the merchandise received was not as described; resolve the issue with the cardholder at first contact
- Provide merchandise or services as described to the cardholder
- Make sure accommodations are available to the cardholder as reserved

Note:

- Merchandise must be retrieved in the same manner as it was shipped
- Acceptance of disclosure regarding terms/conditions or return/cancellation policy is irrelevant, unless the dispute is regarding the actual terms disclosed

How to Defend

- Provide a written rebuttal addressing all of the cardholder's concerns and copies of all transaction receipts, order forms, invoices, or contracts if applicable, **or**
- Evidence cardholder was aware that the merchandise was purchased in "as is" condition (signed disclosure, screen print for ecommerce or cardholder admits in letter they purchased merchandise "as is"), **or**
- Proof replacement merchandise was shipped along with proof of delivery, **or**
- If replacement merchandise is in the process of being shipped provide a shipping date, **or**
- If the cardholder states they returned merchandise that was defective or not as described, and the merchant has no record of receiving the merchandise, the merchant can claim that on their rebuttal, **or**

- Provide a rebuttal stating returned merchandise was not received. For U.S./Canada region, cardholder only has to attempt to return the merchandise
- Visa modified the attempt to return requirement for all regions – the issuer may submit a chargeback under this reason code if the cardholder has attempted to return the merchandise
- Provide documentation to support the cardholder did not properly cancel their reservation
- Provide documentation to support that services were provided to the cardholder
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 53 regarding the quality of repairs performed on the cardholder's vehicle. The cardholder stated that you were unwilling to resolve the chargeback. The cardholder also provided an invoice from a second merchant indicating the work was faulty, and was not performed correctly. What is the remedy for this chargeback?

> **Answer:** A rebuttal from you addressing the concerns raised by the cardholder and the validity of the second opinion would be a valid representment; however, this does not guarantee that a subsequent chargeback would not be received again.

Visa 90 Services not rendered-ATM or Visa Travel/Money Program Transactions

Cardholder acknowledges participation in an ATM or Visa Travel/Money Program Transaction and no funds or only a portion of requested funds were received.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause

- ATM was not functioning properly and only a portion or no funds were received by the cardholder

How to Avoid

- Insure all dispensing machines are operating properly

How to Defend

- Provide proof the cardholder received the total amount of funds that were requested
- Follow all instructions provided on the chargeback notification and respond by the due date provided

MasterCard 53 Cardholder Dispute Effective 10/16/2015

Services or Goods received were not as described on the Transaction Receipt or other documentation presented to the cardholder at the time of the purchase or, for a Mail/Telephone Order Transaction, not the same as the merchants verbal description, or the merchandise was received damaged, defective or otherwise unsuitable for the purpose sold. This code may also be used to address disputes involving intellectual property rights (counterfeit goods).

Effective October 16, 2015
Note: MasterCard is consolidating the following reason codes under Reason Code 53. Reason Code 53 has been renamed "Cardholder Dispute"
- 41 Cancelled Recurring and Digital Goods Transaction
- 55 Goods or Services Not Provided
- 59 Addendum and No-Show
- 60 Credit Not Processed
Reason Codes 41, 55, 59 and 60 may continue to be used. However, they will eventually be eliminated.

Time Limit: 120 calendar days from one of the following:
- Central processing date of the transaction
- Date cardholder received or expected to receive the merchandise or services
- Central processing date of the balance portion of the transaction for delayed delivery
    Note: Collaborating information may be required to support the chargeback

Possible Cause
- Cardholder received merchandise that was defective damaged or unsuited for the purpose sold, **or**
- Merchandise/services did not match the description on the transaction documentation presented at the time of purchase, **or**
- Merchandise/services did not match the verbal description for non-face to face transaction presented at the time of purchase

How to Avoid
- Have cardholder sign for the merchandise after inspection that it was in good condition
- Resolve the issue with cardholder at first contact
- Provide merchandise or services as described to the cardholder
    Notes:
    – Merchandise must be retrieved in the same manner as it was shipped
    – Acceptance of disclosure regarding terms/conditions or return/cancellation policy is irrelevant, unless the dispute is regarding the actual terms disclosed

How to Defend

- Provide a written rebuttal addressing all of the cardholder's concerns and copies of all transaction documents, order forms, invoices, or contracts if applicable, **or**
- Evidence cardholder was aware that the merchandise was purchased in "as is" condition (signed disclosure, screen print for e-commerce or cardholder admits in letter they purchased merchandise "as is"), **or**
- Proof that the merchandise is genuine and not counterfeit goods, or
- Proof replacement merchandise was shipped along with proof of delivery, **or**
- If replacement merchandise is in the process of being shipped provide a shipping date
    - Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 53. The cardholder made a purchase via mail for a red sweater. Upon receipt of the package; a blue sweater was received. The cardholder contacted you to make an attempt to obtain a red sweater and ultimately requested to return the merchandise. You were not able to supply a red sweater and will not accept return of the merchandise. How would this chargeback be resolved?

> **Answer:** The cardholder purchased a red sweater; they did not receive what was ordered. They attempted to resolve the situation; however, they were unable to do so. The chargeback is valid due to the fact that cardholder did not receive what was ordered. If you cannot supply the ordered merchandise and the cardholder does not want the replacement item, you should accept the merchandise for return and issue a credit.

Scenario #2

A chargeback was received from the issuer for reason code 53. The cardholder received a table and four chairs, one of which was broken. They contacted you to replace a broken chair and you agreed to replace the chair at no cost. The cardholder initiated a dispute with the issuer because they did not receive the replacement chair. How would this chargeback be resolved?

> **Answer:** You supplied documentation to show that the cardholder accepted delivery of the replacement chair. This information can be representment to the issuer for review. This does not guarantee that the chargeback will not be continued.

MasterCard 54 Cardholder Dispute Not Elsewhere Classified

The issuer may initiate this chargeback when the cardholder has made an unsuccessful good faith effort to resolve the dispute with the merchant that involves goods or services, and the dispute reflects a claim or defense authorized against issuers or creditors according to federal, state or local truth-in-lending laws.

Time Limit: 120 calendar days from the central processing date or 60 days after learning of the dispute from the cardholder

Note: Collaborating information is required to support the chargeback

Possible Cause
- Cardholder received merchandise that was defective damaged or unsuited for the purpose sold, **or**
- Merchandise/services did not match the description on the transaction documentation presented at the time of purchase, **or**
- Merchandise/services did not match the verbal description for non-face to face transaction presented at the time of purchase

Note: Must meet federal, state or local truth in lending laws

How to Avoid
- Provide services or goods as originally described to the cardholder
- Resolve disputes with the cardholder at first contact, **and**
- Ensure all federal, state and local laws are followed

Notes:
- Merchandise must be returned or attempted to be returned by the same means as it was originally received
- Acceptance of disclosure regarding terms/conditions or return/cancellation policy is irrelevant, unless dispute is regarding the actual terms disclosed

How to Defend
- Provide a written rebuttal addressing all of the cardholder's concerns and copies of all transaction documents, order forms, invoices, or contracts if applicable, **or**
- If cardholder has agreed to purchase merchandise in "AS IS" condition; supply documentation to show the cardholder has accepted these terms, **or**
- Proof that replacement merchandise was received by the cardholder, **or**
- Proof the cardholder signed for the merchandise in good condition, **or**
- Proof that the original transaction did not occur within 100 miles of cardholder's residence
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 54. The cardholder has supplied a letter claiming that they were to have their boat refurbished inside and painted on the outside. The cardholder was notified that the work was complete, however upon inspection the cardholder found that the bathroom was not touched. The cardholder contacted another contractor to confirm that the work was not complete and contacted you to obtain an explanation as to why the work was not finished as contracted.

You set up time with your employees to complete the job and obtain the cardholders signature on the final invoice reflecting that the work has been completed to the cardholders satisfaction. However the Cardholder has contacted their credit card company and their bank initiated a chargeback. How is this chargeback remedied?

> **Answer:** You will need to supply a written rebuttal addressing the fact that the bathroom was not finished, however the work has since been completed. Supply the written rebuttal and the invoice signed by the cardholder expressing that the work has been completed to the cardholder's satisfaction.

MasterCard 55 Goods or Services Not Provided

Cardholder or his\her authorized representative did not receive the shipped merchandise or services were not rendered, or airline flight was not provided.

Effective October 16, 2015
Note: MasterCard is consolidating the following reason codes under Reason Code 53. Reason Code 53 has been renamed "Cardholder Dispute"

- 41 Cancelled Recurring and Digital Goods Transaction
- 55 Goods or Services Not Provided
- 59 Addendum and No-Show
- 60 Credit Not Processed

Reason Codes 41, 55, 59 and 60 may continue to be used. However, they will eventually be eliminated.

Time Limit-120 calendar days from one of the following:
- Central processing date of the transaction
- Delayed delivery/service, last expected date of delivery/service
- Interrupted Services: Date the cardholder becomes aware that the service ceased

Merchandise Not Received

Possible Causes
- Merchandise or services were not received by the cardholder, **or**
- Cardholder charged prior to merchandise being shipped, **or**
- Merchandise was not received by the agreed upon delivery date or location, or
- An e-commerce transaction was never completed, however the cardholders account has been debited

How to Avoid
- Obtain signed Proof of Delivery for shipped merchandise, **and**
- Ship all merchandise according to agreed upon terms, **and**
- Do not charge the cardholder until the merchandise has been shipped

Note: Return and or limited return policies, although properly disclosed, are not a remedy to chargeback involving quality or non-receipt of services or merchandise

How to Defend
- Provide proof of delivery signed by the cardholder or person designated by the cardholder to receive the merchandise, **or**
- Release form/waiver signed by the cardholder that allows packages to be left at the cardholder's residence without requiring a signature and provide an unsigned proof of delivery (POD), **or**
- An invoice or transaction receipt showing goods were not to be shipped or a rebuttal stating that the cardholder received the merchandise at the time of the sale or cardholder was to pick up merchandise, **or**

- If cardholder refuses delivery of merchandise, supply documents to prove if available, **or**
- Documentation indicating promised delivery date differs from date given by cardholder and it has not elapsed, **or**
- In the event that a download was completed, supply documentation to support
- If cardholder states merchandise was returned and was not received by the merchant; provide rebuttal addressing cardholder's claims
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 55. The cardholder claims they were to receive a shipment on 11/5/10. On 11/20/10 the cardholder contacted you claiming that the merchandise was not received. How is this chargeback remedied?

> **Answer:** A proof of delivery signed by the cardholder dated after 11/20/08 can be provided to represent the chargeback. This does not guarantee that a subsequent chargeback would not be received.

Scenario #2

A chargeback was received from the issuer for reason code 55. The cardholder was to receive a download to their computer for a software purchase. The cardholder previously contacted you stating that the download would not complete. They contacted the issuer and requested to dispute the transaction. How is this chargeback remedied?

> **Answer:** Proof that the software that the cardholder purchased was successfully downloaded will need to be provided.

Services Not Provided

Definition: Merchant is unwilling or unable to render services.

Possible Causes
• Purchased services were not received by the cardholder

How to Avoid
• Provide requested service to the cardholder as agreed, **or**
• If unable to provide services, issue credit to cardholder

Note: Return and/or limited return policies although properly disclosed are not a remedy to chargeback involving quality or non-receipt of services or merchandise.

How to Defend
• Provide a written rebuttal addressing all of the cardholders concerns and proof services were:

- – Rendered
- – Available but were refused by the cardholder
- – Provided and acknowledged by the cardholder
- – Available but were not utilized by the cardholder
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 55. The cardholder purchased tickets to a concert which was to be held on August 2nd. The concert was cancelled and rescheduled for September 10th. How would this case be resolved?

> **Answer:** There is no remedy for this chargeback. Reason code 55 is used when the merchant is unwilling or unable to provide the purchased services. Providing an alternate date for an event does not protect you from this reason code if cardholder refuses to attend.

Airline Flight Not Provided

Definition: The cardholder did not receive airline services.

Possible Causes
- Airline has filed bankruptcy and is no longer providing service, **or**
- Flight was cancelled due to inclement weather, or other general cancellations/delays

How to Avoid
- Ensure requested airline services are provided to the cardholder
- Issue refunds as applicable when services are cancelled by the merchant

How to Defend
Provide proof of any of the following:
- Airline services were provided to the cardholder, **or**
- Cardholder is still in possession of the paper tickets and the tickets can still be utilized, **or**
- Documentation proving cardholder boarded specified flight, **or**
- Services were available but were refused
- Follow all instructions provided on the chargeback notification and respond by the due date provided

MasterCard 59 No-Show or Addendum Effective Date 10/16/2015

The cardholder is disputing a No-Show transaction billed to their account, or the cardholder is disputing any subsequent transaction representing an addendum charge to any valid transaction from the same merchant, or the cardholder received none or only a part of an ATM cash disbursement.

Effective October 16, 2015
Note: MasterCard is consolidating the following reason codes under Reason Code 53. Reason Code 53 has been renamed "Cardholder Dispute"
- 41 Cancelled Recurring and Digital Goods Transaction
- 55 Goods or Services Not Provided
- 59 Addendum and No-Show
- 60 Credit Not Processed

Reason Codes 41, 55, 59 and 60 may continue to be used. However, they will eventually be eliminated.

Effective October 16, 2015
The ATM dispute portion of Reason Code 59 has been moved to Reason Code 34, Duplicate Processing.

Time Limit-120 calendar days from one of the following:
- Central processing date of the transaction
- Central processing date of the addendum transaction

Guaranteed No-Show:
Definition: The cardholder is disputing a "no-show" hotel charge from a card acceptor that participates in the MasterCard Guaranteed Reservations Service

Cardholder Can Provide Cancellation Number
Possible Causes
- Reservation was not properly canceled by merchant when cardholder cancelled

How to Avoid
- Issue credit upon cancellation of reservation by the cardholder, **or**
- Obtain magnetic swipe or imprint and signed folio reflecting cardholders stay, **and**
- Ensure cardholder is aware of cancellation policy at the time of the reservation

How to Defend
- A rebuttal addressing the validity of the cancellation code (i.e., an explanation if the cancellation code provided by the cardholder is valid; if it is not, an example of a proper cancellation code.). While this is not a remedy, the issuer will need to review the document with the cardholder and obtain an additional rebuttal, **or**
- A signed, imprinted or magnetic stripe read folio/transaction document proving the transaction was not processed due to a No-Show, **or**

- Proof the cancellation policy was properly disclosed to the cardholder at the time of the reservation
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 59. The cardholder claims they cancelled their hotel stay and provided a cancellation number CLN486. How would this chargeback be remedied?

> **Answer:** You would need to provide a rebuttal addressing that the room was not cancelled and that the number supplied is not a valid cancellation number for your establishment as well as provide an example of a valid code.

Cardholder Can Not Provide a Cancellation Number

Possible Causes

- Cardholder cancelled the reservation and was not provided a cancellation number, **or**
- Failed to retain the cancellation number given by the merchant, **or**
- Reservation was not cancelled properly by the merchant and the cardholder was billed for a "No Show"

How to Avoid

- Issue credit upon cancellation of reservation by the cardholder, **or**
- Obtain magnetic swipe or imprint and signed folio reflecting cardholders stay
- Provide cancellation number for all cancellations, **and**
- Ensure cardholder is aware of cancellation policy at the time of the reservation

How to Defend

- A rebuttal stating that the merchant has a formal Guaranteed Reservation Program and that there is no record of the cardholder cancellation, **or**
- A signed, imprinted or magnetic stripe read folio/transaction receipt proving the transaction was not processed due to a No-Show, **or**
- Proof the cancellation policy was properly disclosed to the cardholder at the time of the reservation, **or**
- Documentation proving the cardholder cancelled the reservation after 6:00 pm on the scheduled day of arrival
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Alternate Accommodations

Possible Causes

- Merchant does not have the confirmed room available for the cardholder. The hotel arranged for similar accommodations at another hotel but still billed the cardholder.

How to Avoid
- Make sure accommodations are available to the cardholder as reserved
- Merchant should ensure the cardholder has been billed only once if alternate accommodations are provided

How to Defend
- Provide a rebuttal and documentation proving the cardholder received alternate accommodations and the cardholder was not billed for both transactions, **or**
- A signed, imprinted or magnetic stripe read folio/transaction document proving the cardholder did not receive alternate accommodations
- Follow all instructions provided on the chargeback notification and respond by the due date provided

No Show Rate Higher Than Cardholder Quoted

Possible Causes
- Merchant billed cardholder a No Show charge that was different than the quoted rate

How to Avoid
- Ensure the No Show rate billed to the cardholder is the rate that was originally quoted

How to Defend
- Proof that the No-Show rate that the cardholder was billed was the same as the initial rate that they were quoted, **or**
- A copy of the signed imprinted or magnetic stripe read transaction document to prove that the transaction did not take place due to a No-Show transaction, **or**
- If a different rate is billed, provide proof the Cardholder was aware and authorized the rate difference

Cardholder Not Advised of No-Show Fee

Possible Causes
- Cardholder was billed for a No Show transaction without their knowledge

How to Avoid
- Ensure Cardholders are made aware of the No-Show policies at the time the reservation is made

How to Defend
- Proof that the cardholder was advised that they would be charged a No-show fee, **or**
- A copy of the signed, imprinted or magnetic stripe read transaction document to prove that the transaction did not take place due to a No-Show transaction
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Addendum Dispute

Definition: The cardholder is disputing any subsequent transaction representing an addendum to any valid transaction from the same merchant

Possible Cause

- Merchant processed a transaction that was not part of the original transaction document, **or**
- Merchant was not aware of the additional charge at the time of the original transaction

How to Avoid

- Notify cardholder of any additional charges prior to processing
- Do not bill cardholder for loss, theft or damages unless authorized by the cardholder, **and**
- Ensure the original charge was processed correctly

How to Defend

- Documentation to prove the addendum charge is the cardholders responsibility
  - **Examples:** Documentation proving cardholder was responsible for a parking ticket, the rental agreement showing dates of rental and parking violation
- Proof services were provided and acknowledged by the cardholder
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 59. The cardholder rented a vehicle from a local rental company. The cardholder was billed two weeks after the return of the car for a parking ticket. The dispute is that the cardholder did not authorize the parking ticket to be applied to their credit card. How would this chargeback be resolved?

> **Answer:** Provide the rental agreement to show the dates that the cardholder had possession of the vehicle and a copy of the parking ticket to prove that the ticket was received while the vehicle was in their possession. This documentation can be utilized to represent the chargeback. You are correct in charging the cardholder for traffic violations received when the car was in their possession.

Frequently Asked Questions

- We have been working with the cardholder to rectify a dispute that the cardholder has with a deck that was installed at their home. Our crew went to the home and rebuilt the deck and received a final document signed by the cardholder stating that the deck is proper and payment is due. However, we received a chargeback, do we have any recourse?

  > Yes. Supply the signed document from the cardholder that the payment is due. Please ensure that the document is dated. If the date is after the dispute was initiated the cardholders bank will need to have the cardholder address the documentation. This will not guarantee that the chargeback will not be received a second time.

  The cardholder is claiming that they have not received the merchandise that we shipped to her two months ago. They have an agreement with the delivery company to leave all their packages at the door. Do I have any recourse for this chargeback?

  > Yes. Obtain a copy of the agreement that the cardholder signed with the delivery company showing that all deliveries are to be left at the door and supply the proof of delivery showing that the package was left at the door. The issuer will have the cardholder review the documentation. This does not guarantee that the chargeback will not be received for a second time.

DISCOVER
CARD

Reason Codes and Description	
4755 RG	Non-Receipt of Goods or Services
4553 RM	Cardholder Disputes Quality of Goods or Services

Discover 4755 RG – Non-Receipt of Goods or Services

The cardholder claims they were charged for a card sale but never received the goods or services (except an ATM Transaction)

Time Limit- Issuers may initiate RG Disputes up to 120 calendar days after the scheduled delivery date agreed upon between the Cardholder and the Merchant, but not more than 540 calendar days from the Processing Date. If a delivery date was not provided or agreed upon, then the Issuer may initiate an RG Dispute from 15 to 120 calendar days from the Processing Date. The issuer must wait 15 calendar days from the date of cancellation before initiating the dispute.

Note: The cardholder must attempt to resolve the dispute with the merchant prior to initiating the chargeback.

Note: The amount of an RG Dispute is limited to the portion of the Card Sale for goods or services not received by the Cardholder.

Possible Causes

- Services not provided or merchandise was not received, **or**
- The cardholder was charged prior to merchandise being shipped or merchandise was not received by agreed upon delivery date or location

How to Avoid

- Provide Services/Merchandise as agreed upon to the cardholder
- Contact the cardholder in writing if the merchandise or service cannot be provided or is delayed, **and**
- Offer the cardholder the option to cancel if your internal policies allow
- Clearly indicate the expected delivery date on the transaction receipt or invoice, a**nd**
- Deliver the merchandise to the specified location by the expected delivery date
- If unable to deliver merchandise or provide services, issue credit to the cardholder
- Obtain signed proof of delivery for shipped merchandise
- Do not charge the cardholder until the merchandise is shipped

How to Defend

- Provide a signed Proof of Delivery (POD) for shipped merchandise, **or**
- Proof that services were rendered, **or**
- Any of the following for a Card Not Present Transaction
  - Confirmation of registration to receive electronic delivery of goods or services
  - Cardholder's email or IP address, date and time of download, description of goods downloaded or log documenting the receipt of download material on or after the transaction date
  - "Site-to-store", Merchant may provide the cardholder's signature on the pick-up form or copy of Cardholder Identification
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code RG supplying information from the cardholder stating the merchandise ordered was not received. The cardholder contacted you on October 15, 2011 to advise they still have not received the merchandise that was supposed to be received by September 29, 2011.   In response to the chargeback, you provided signed proof of delivery dated prior to September 29, 2011 and proof of positive AVS. How would this case be resolved?

> **Answer:** The information supplied would be represented to the issuer. However, this would not guarantee that a pre-arbitration case would not be received.

Reason Codes and Description

C02	Credit not Processed
C04	Goods/Services Returned or Refused
C05	Goods/Services Cancelled
C08	Goods/Services Not Received or Only Partially Received
C14	Paid by Other Means
C18	"No Show" or CARDeposit Cancelled
C20	Cancelled Recurring Billing
C31	Goods/Services Not As Described
C32	Good/Services Damaged or Defective

AMEX C02 Credit Not Processed

American Express has not received the credit or partial credit that was to be applied to the card.

Retrieval Required: No

Possible Cause
- Merchant accepted return/cancellation and did not issue a credit, or not processed timely **or**
- Credit was not issued for the full amount

How to Avoid
- Proper disclosure of the refund policy for returned/cancelled merchandise, or services must be provided to the cardholder at the time of transaction
    – Card present: cardholder signed the transaction receipt containing disclosure
    – Ecommerce: provide disclosure on website on same page as check out showing cardholder must "click to accept" prior to completion
- Issue credit to the cardholder on the same account as the purchase and for the correct amount in a timely manner
- Ensure delivery of the merchandise or services ordered to the cardholder on or before expected delivery date
- Process all transactions using the proper transaction code

How to Defend
- Show credit not due by providing proper proof of disclosure was accepted by the cardholder at the time of the transaction
    – Card present: cardholder signed the transaction receipt containing disclosure
    – Ecommerce: provide disclosure on website on same page as check out showing cardholder must "click to accept" prior to completion
- Provide explanation of why credit is not due or returned merchandise was not received
- Follow all instructions provided on the chargeback notification and respond by the due date provided.
- Provide a copy of the transaction documentation to prove it was processed under the appropriate transaction code

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code C02. The cardholder has supplied a letter claiming that the merchandise for the transaction was returned; however, a credit was not issued. Your rebuttal states that a credit slip was never provided or promised and the merchandise was not received. How would this chargeback be resolved?

> **Answer:** This chargeback would be returned to AMEX to review.

Scenario #2

A chargeback was received from the issuer for reason code C02. The cardholder returned merchandise that was purchased on their credit card. You supplied an in-store credit slip. The cardholder refused and requested credit to their credit card which was denied. How would this chargeback be resolved?

> **Answer:** You would need to supply proper disclosure that an in-store credit slip would be given for all returns. This disclosure must be signed and acknowledged by the cardholder. With this proof, the chargeback would be returned to AMEX to review.

AMEX C04 Goods/Services Returned or Refused

The goods or services were returned or refused but the cardholder did not receive credit.

Possible Cause

- Merchandise was returned or refused and credit was not issued, or not processed timely

How to Avoid

- Proper disclosure of the refund policy for returned/cancelled merchandise, or services must be provided to the cardholder at the time of transaction
  - Card present: cardholder signed the transaction receipt containing disclosure
  - Ecommerce: provide disclosure on website on same page as check out showing cardholder must "click to accept" prior to completion
- Issue credit to the cardholder on the same account as the purchase and for the correct amount in a timely manner
- Ensure delivery of the merchandise or services ordered to the cardholder on or before expected delivery date

How to Defend

- Show credit not due by providing proper proof of disclosure was accepted by the cardholder at the time of the transaction
  - Card present: cardholder signed the transaction receipt containing disclosure
  - Ecommerce: provide disclosure on website on same page as check out showing cardholder must "click to accept" prior to completion
- Provide explanation of why credit is not due or returned merchandise was not received
- Follow all instructions provided on the chargeback notification and respond by the due date provided. Provide a copy of the transaction documentation to prove it was processed under the appropriate transaction code

AMEX C05 Goods/Services Cancelled

The goods or services ordered were cancelled.

Possible Cause

- Merchandise or services were cancelled and credit was not issued, or not processed timely

How to Avoid

- Proper disclosure of the refund policy for returned/cancelled merchandise, or services must be provided to the cardholder at the time of transaction
    - Card present: cardholder signed the transaction receipt containing disclosure
    - Ecommerce: provide disclosure on website on same page as check out showing cardholder must "click to accept" prior to completion
- Issue credit to the cardholder on the same account as the purchase and for the correct amount in a timely manner
- Ensure delivery of the merchandise or services ordered to the cardholder on or before expected delivery date

How to Defend

- Show credit not due by providing proper proof of disclosure was accepted by the cardholder at the time of the transaction
    - Card present: cardholder signed the transaction receipt containing disclosure
    - Ecommerce: provide disclosure on website on same page as check out showing cardholder must "click to accept" prior to completion
- Provide explanation of why credit is not due or returned merchandise was not received
- Follow all instructions provided on the chargeback notification and respond by the due date provided. Provide a copy of the transaction documentation to prove it was processed under the appropriate transaction code

AMEX C08 Goods/Services Not Received or Only Partially Received

The cardholder claims to have not received or only partially received the goods/services.

Possible Causes
- Services not provided or merchandise was not received, **or**
- The cardholder was charged prior to merchandise being shipped or merchandise was not received by agreed upon delivery date or location

How to Avoid
- Provide Services/Merchandise as agreed upon to the cardholder
- Contact the cardholder in writing if the merchandise or service cannot be provided or is delayed, **and**
- Offer the cardholder the option to cancel if your internal policies allow
- Clearly indicate the expected delivery date on the transaction receipt or invoice, **and**
- Deliver the merchandise to the specified location by the expected delivery date
- If unable to deliver merchandise or provide services please notify the cardholder in writing and issue credit
- Obtain signed proof of delivery for shipped merchandise
- Do not charge the cardholder until the merchandise is shipped

How to Defend
- Provide a signed Proof of Delivery (POD) including delivery date and full shipping address for shipped merchandise, **or**
- Proof that services were rendered including the dates, **or**
- Any of the following for a Card Not Present Transaction
    - Confirmation of registration to receive electronic delivery of goods or services
    - Cardholder's email or IP address, date and time of download, description of goods downloaded, or log documenting the receipt of download material on or after the transaction date
    - "Site-to-store", Merchant may provide the cardholder's signature on the pick-up form or copy of Cardholder Identification
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code C08 supplying information from the cardholder stating the merchandise ordered was not received. The cardholder contacted you on October 15, 2014 to advise they still have not received the merchandise that was supposed to be received by September 29, 2014.   In response to the chargeback, you provided signed proof of delivery dated prior to September 29, 2014. How would this case be resolved?

Answer: The information supplied would be provided to AMEX.

AMEX C14 Paid by Other Means

The cardholder has provided AMEX with proof of payment by another method.

Possible Cause

- Cardholder paid the merchant for a purchase of goods or services using another method of payment and amounts should not be billed to the account

How to Avoid

- Accept only one form of payment per transaction, **and**
- Ensure the cardholder is only billed once per transaction
- In the event that two or more forms of payment are accepted for one transaction, document each form of payment on one transaction receipt confirming that the total of all payments do not exceed the total of the purchase

How to Defend

- Provide documentation showing that the cardholders other form of payment was not related to the disputed charge, **or**
- Provide proof the cardholder provided consent to use the card as a valid form of payment for the disputed charge
- Documentation to prove they are separate transaction and an explanation of the transactions

AMEX C18 "No Show" or CARDeposit Cancelled

The cardholder claims to have cancelled a lodging reservation or a credit for a CARDeposit charge was not received by the cardholder.

Possible Cause

- Cardholder cancelled a lodging reservation, however has not received a credit

How to Avoid

- Issue credit upon cancellation of reservation by the cardholder, **or**
- Obtain magnetic swipe or imprint and signed folio reflecting cardholders stay
- Provide cancellation number for all cancellations, **and**
- Ensure cardholder is aware of cancellation policy at the time of the reservation

How to Defend

- Provide documentation that supports the validity of the "no show" reservation or CARDeposit charge, **or**
- A signed, imprinted or magnetic stripe read folio/transaction receipt proving the transaction was not processed due to a No-Show, **or**
- Proof the cancellation policy was properly disclosed to the cardholder at the time of the reservation

AMEX C28 Cancelled Recurring Billing

The cardholder claims to have cancelled or attempted to cancel Recurring Billing Charges for goods or services. Please discontinue all future billing for this Recurring Billing Charge.

Possible Cause

- Cardholder canceled a recurring transaction; however, they continued to be billed after cancellation

How to Avoid

- Cancel the recurring billing as soon as notification is received from the customer, **and**
- Issue a credit as needed to the cardholder in a timely manner
- Notify cardholder and receive authorization to increase transaction amount to continue billing
- Ensure billing and cancellation terms are clear in the contract
- Do not continue to bill the cardholders account after a chargeback has been received

How to Defend

- Evidence that the Cardholder did not cancel the Recurring Payments Plan in accordance with the Merchant's policy
- Provide a copy of the cancellation policy, an explanation of the procedures for disclosing it to the cardholder, and details explaining how the cardholder did not follow the cancellation policy
- Proof that the cardholder has not cancelled and continues to use the services or receive the goods
- Follow all instructions provided on the chargeback notification and respond by the due date provided

AMEX C31 Goods/Services Not As Described

The cardholder claims to have received goods/services that are different than the written description provided at the time of the charge

Possible Cause
- Merchandise/services did not match the description on the transaction documentation presented at the time of purchase, **or**
- Merchandise/services did not match the verbal description for non-face to face transaction presented at the time of purchase
- Cardholder claims that goods or services were not as represented by the Merchant

How to Avoid
- Resolve the issue with the cardholder at first contact
- Provide merchandise or services as described to the cardholder

How to Defend
- Proof refuting the cardholders claim that the written description differs from the goods/services received, **or**
- Proof that the cardholder agreed to accept the goods/services as provided

AMEX C32 Goods/Services Damaged or Defective

The cardholder claims to have received damaged or defective goods/services

Possible Cause
- Cardholder received merchandise that was defective damaged or unsuited for the purpose sold, **or**
- Cardholder claims that goods received were damaged or defective, and the cardholder returned the goods to the Merchant

How to Avoid
- After inspection, obtain the cardholder's signature that the merchandise was received in good condition
- In the event that the cardholder received merchandise that was not as described, resolve the issue with the cardholder at first contact
- Provide merchandise or services as described to the cardholder

How to Defend
- Proof refuting the cardholders claim that the good/services were damaged or defective provided that, in the case of goods, they were not returned to the merchant), **or**
- Proof that the cardholder agreed to accept the goods/services as delivered, **or**
- Proof the cardholder was aware that the merchandise was purchased in "as is" condition (signed disclosure, screen print for ecommerce or cardholder admits in letter they purchased merchandise "as is"), **or**
- Proof that replacement merchandise was shipped along with proof of delivery, **or**
- If replacement merchandise is in the process of being shipped provide a shipping date, **or**
- Proof that the goods/services were not returned to the merchant

Processing Errors

Merchant or Acquirer processed a transaction incorrectly.

VISA

MasterCard

Reason Codes and Description

74 – Late Presentment

76 – Incorrect Currency or Domestic Transaction Processing Violation

80 – Incorrect Transaction Amount or Account Number

82 – Duplicate Processing

86 – Paid by Other Means

Reason Codes and Description

31 – Transaction Amount Differs

34 – Duplicate Processing

42 – Late Presentment

46 – Correct Transaction Currency Code Not Provided

Visa **74** Late Presentment

The transaction was not processed within the required processing timeframe.

Time limit-120 calendar days from the central processing date of the transaction

Possible Cause
- Transaction was not deposited within 10 calendar days of the original transaction date
- Transactions for Multi-location, Centrally Accumulated, T&E, or Service Station merchants was not deposited within 20 calendar days

How to Avoid
- Process all transactions within the required timeframes specified by Visa
- For LAC region, H&C transactions must be processed within 10 days from the check-out date

How to Defend
- Provide proof the transaction was deposited and processed within the required time limit
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 74. You processed a manual transaction receipt from an offsite location on April 10th; however, the transaction was completed in February. The issuer attempted to post the transaction; however, the account was closed. How would this chargeback be resolved?

> **Answer:** There is no remedy for this chargeback since the issuer was not able to post the transaction to the cardholder's account. All transactions must be processed within the required timeframe that is specified by Visa.

Visa 76 Incorrect Currency or Transaction Code or Domestic Transaction Processing Violation

This reason code is for incorrect transaction code, incorrect currency code or transaction receipt not deposited in the country where the transaction occurred, the cardholder was not advised that Dynamic Currency Conversion would occur or refused the choice of paying in the merchant's local currency, or the merchant processed a credit refund and did not process a reversal or adjustment within 30 days for a transaction receipt processed in error.

Time limit-120 calendar days from the central processing date of the transaction

Possible Cause
- Merchant intended to issue a credit; however, the transaction was processed as a sale
- Transaction was to be processed in a currency other than the currency used to settle the transaction

How to Avoid
- Ensure all transactions are processed accurately with proper transaction code
- A merchant must process a reversal or an adjustment within 30 calendar days if it processed a transaction receipt in error
- The debit in error must be reversed using a reversal transaction code or an adjustment message
- Process all transactions in the proper currency as stated on the transaction receipt
- Ensure that credit transaction receipts are processed as credits and sale transaction receipts are processed as sales
  Note: Transaction receipt must indicate the applicable currency

How to Defend
- Provide a copy of transaction receipt or other documentation to prove processed under appropriate transaction code
- Documentation to prove the transaction was processed utilizing the appropriate currency code **or** transaction code
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 76, for double the amount of the transaction. The cardholder has contacted their bank claiming that they were issued a credit receipt which was not processed. What is the resolution of this chargeback?

> **Answer:** The issuer's chargeback is for the correct amount due to the fact that the cardholder was to receive a credit for the credit receipt; however, they were actually charged again. Therefore the cardholder is due a credit for the billing and a credit as a result of the credit receipt. The only recourse would be to supply proof that the cardholder was not due a credit and the second billing was a valid charge.

Scenario #2

A chargeback was received from the issuer for reason code 76 claiming the cardholder's transaction was to be processed in Canadian dollars; however, the transaction was processed in US dollars. How can this chargeback be resolved?

> **Answer:** Documentation can be supplied to show that the cardholder's receipt reflects US dollars and that the sale was processed properly in US dollars.

Scenario #3

A chargeback was received from the issuer for reason code 76, for double the transaction amount. The cardholder has contacted their bank claiming that they were issued a credit slip which was not processed. What is the resolution of this chargeback?

> **Answer:** The issuer's chargeback is for the correct amount due to the fact that the cardholder was to receive a credit for the credit slip; however, they were actually charged again. Therefore the cardholder is due a credit for the billing and a credit as a result of the credit slip. Recourse would be to supply proof that the cardholder was not due a credit and the second billing was a valid charge.

Visa 80 Incorrect Transaction Amount or Account Number

The transaction was processed using an incorrect account number or transaction amount.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause
- The account number or transaction amount was incorrectly entered

How to Avoid
- Confirm that the transaction amount and account number are correct prior to processing
- Do not alter transaction documentation or make any adjustments unless the cardholder has been contacted and agrees to any modifications of the transaction amount
- Do not alter the imprint **and** avoid hand writing the account number on the transaction receipt
- Obtain a manual imprint when the card is unable to be read electronically
  - When key entering the account number compare the account number entered to the imprint of the card prior to processing the sale

How to Defend
- Provide transaction documentation showing the account number billed, **and**
- If the amount was altered provide proof that the cardholder agreed to the altered amount
- MO/TO transaction, proof the account number is correct and authorization was obtained
- For T&E transactions, supply proof of valid amended charges
- Chip & Chip PIN: Provide documentation supporting the transaction was processed with a Chip or Chip PIN
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 80. The cardholder has contacted their bank stating that they were overcharged by $24.00 on a transaction. How do we remedy this chargeback?

> **Answer:** A transaction receipt reflecting the full unaltered amount will need to be provided. If a change was made after the cardholder agreed to the sale, documentation will need to be provided that reflects that cardholder agreed to the change.

Scenario #2

A chargeback was received from the issuer for reason code 80, claiming the transaction was processed on an incorrect account number. You have supplied a copy of an imprinted transaction receipt and a receipt from the POS terminal. The imprint differs from the account number billed. How do we remedy this chargeback?

> **Answer:** If the transaction receipt reflects the account number billed along with a valid authorization code; the chargeback is remedied. The correct account was billed.

Visa 82 Duplicate Processing

A single transaction was processed more than once to the cardholders account.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause

- A single transaction was processed more than once to the cardholder's account
- The bank copy and the merchant copy of the transaction receipt was sent to be processed
- POS device was batched out twice

How to Avoid

- Ensure transactions are not processed multiple times
    - In the event that a transaction was processed more than once in error; immediately issue voids, transaction reversals or credits

> If you submit paper drafts for processing ensure only bank copies or one copy of the sales draft is submitted.

How to Defend

- Provide valid legible copies of all transaction documentation which could include:
    - Two transaction receipts, **and/or**
    - Two invoices, **and**
    - Itemization reflecting different transactions
- Provide documentation to support transactions were processed as Chip transactions (e.g. application counters are different)
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 82. Two different receipts reflecting the same amount were previously supplied by you; however, the receipts did not reflect different items were purchased. Has this chargeback been resolved?

>   **Answer:** No, you supplied two separate transaction receipts but they have not proven that two separate transactions occurred.

Visa 86 Paid By Other Means

A transaction was paid by an alternate means and card payment also posted to the cardholder's account

Time Limit-120 calendar days from the central processing date or 120 days from dated credit slip

Possible Cause
- Cardholder initially presented card as payment for the transaction; however, cardholder decided to use an alternate form of payment

How to Avoid
- Accept only one form of payment per transaction, **and**
- Ensure the cardholder is only billed once per transaction
- In the event that two or more forms of payment are accepted for one transaction, document each form of payment on one transaction receipt confirming that the total of all payments do not exceed the total of the purchase
  Note: Credit cards are not to be used to recover funds from previous chargebacks, bad checks or any other incident where a financial loss occurred

How to Defend
- Provide proof the transaction was not paid for by an alternate means
- Documentation to prove there are separate transaction and an explanation of the transactions
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 86. The cardholder checked into a hotel and provided their credit card upon check-in; however, the final bill was paid by cash. The cardholder receives their credit card bill which reflects a payment for the hotel stay. The issuer has provided documentation that includes the cardholder's copy of the cash receipt. How would this chargeback be remedied?

> **Answer:** You would be able to request this case to be represented if you can provide proof that the bill on the credit card is not for the same stay as the bill that was paid via cash.

MasterCard 31 Transaction Amount Differs

The transaction was processed for an incorrect transaction amount, or the cardholder is stating that the transaction was paid by alternate means and card payment also posted to the cardholder's account.

Time Limit-120 calendar days from the central processing date of the transaction

Transaction Amount Differs

Possible Cause
• The transaction amount was incorrectly entered

How to Avoid
• Confirm that the transaction amount is correct prior to processing, **and**
• Do not alter transaction documentation or make any adjustments unless the cardholder has been contacted and agrees to any modifications of the transaction amount

How to Defend
• Provide transaction documentation showing the amount billed, **and**
• If the amount was altered provide proof that the cardholder agreed to the altered amount
• For T&E transactions supply proof of valid amended charges
• Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 31. The cardholder has supplied a copy of their bill reflecting they were to be billed $156.00. They were billed a total of $200.00 on their credit card. The chargeback has been received from the difference of $44.00. How would this chargeback be resolved?

Answer: Provide an unaltered document to show that the cardholder's final bill that was agreed upon was $200.00. If the transaction amount was altered without the consent of the cardholder this chargeback would be a valid.

Paid By Other Means

Definition: The cardholder is stating that the transaction was paid by alternate means and card payment also posted to cardholder's account.

Possible Causes

- Payment was made by alternate means and the cardholder's credit card was also billed

How to Avoid

- Accept only one form of payment per transaction, **and**
- Ensure the cardholder is only billed once per transaction
- In the event that two or more forms of payment are accepted for one transaction, document each form of payment on one transaction receipt confirming that the total of all payments do not exceed the total of the purchase
- **Note:** Credit cards are not to be used to recover funds from previous chargebacks, bad checks or any other incident where a financial loss occurred.

How to Defend

- Provide proof that the cardholder did not pay for the services/merchandise by another method, **or**
- Documentation to prove they are separate transactions and an explanation of the transactions
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 31. The cardholder has contacted their bank with documentation to show that the transaction was paid via cash; however, they were still billed on their credit card. How would this chargeback be resolved?

> **Answer:** You must supply proof that the transaction made with the credit card and the transaction made with cash were not the same transaction.

MasterCard 34 Duplicate Processing

A single transaction was processed more than once in error to the cardholders account.
Effective Date: 10/16/2015 ATM Dispute: The cardholder received on funds or only a part of an ATM cash disbursement.

Time Limit-120 calendar days from the central processing date of the transaction

Effective Date: 10/16/2015
The ATM dispute portion of Reason Code 59 has been moved to Reason Code 34, Duplicate Processing

Possible Causes

- A single transaction was processed more than once to the cardholder's account
- The bank copy and the merchant copy of the transaction receipt was sent to be processed
- POS device was batched out twice
- Effective Date: 10/16/2015 ATM not functioning properly and only a portion of the funds or no funds were received by the cardholder, **or**
- Effective Date: 10/16/2015 Cardholder failed to receive cash disbursement

> If you submit paper drafts for processing ensure only bank copies or one copy of the sales draft is submitted.

How to Avoid

- Ensure transactions are not processed multiple times
  - In the event that a transaction was processed more than once; immediately issue voids, transaction reversals or credits
- Effective Date: 10/16/2015 Ensure all dispensing machines are operating properly

How to Defend

- Provide valid legible copies of all transaction documentation which could include:
  - Two transaction receipts, **and/or**
  - Two invoices, **and**
  - Itemization reflecting different transactions
- Effective Date: 10/16/2015 Provide proof the cardholder received the total amount of funds that were requested
- Effective Date: 10/16/2015 Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code 34 reflecting that the cardholder was billed twice for the same transaction. How would this chargeback be resolved?

Answer: By supplying two different transaction receipts, this chargeback can be represented. This is not a guarantee that a chargeback for a different reason code would not be received.

MasterCard 42 Late Presentment

A transaction posted more than 7 calendar days for electronic or more than 14 calendar days for paper after the transaction date and the account is closed.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause
- Transaction was not deposited within 7 calendar days for electronic transactions
- Transaction was not deposited within 30 calendar days for paper transactions

How to Avoid
- Process all transactions within the required timeframe

How to Defend
- Provide proof the transaction was deposited and processed within the required time limit

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 42 and you processed the transaction electronically.

> **Answer:** You may request a reversal of the chargeback if a transaction receipt is supplied reflecting the transaction date and was within 7 days of the date the transaction was processed.

MasterCard 46 Correct Transaction Currency Code Not Provided

A transaction was processed using an incorrect currency code for the currency in which the transaction was completed.

Time Limit-120 calendar days from the central processing date of the transaction

Possible Cause
- Transaction was to be processed in a currency other than the currency used to settle the transaction

How to Avoid
- Process all transactions in the proper currency as stated on the transaction receipt

How to Defend
- Provide a copy of the transaction receipt, **or**
- Documentation to prove the transaction was processed utilizing the appropriate currency code

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code 46. The cardholder made a purchase for $45.00CAD (Canadian dollars); however, the transaction posted to their account as $45.00USD (US Dollars). How would this chargeback be resolved?

> **Answer:** By supplying a copy of the transaction receipt reflecting the total cost was $45.00USD not CAD we can represent the chargeback.

Frequently Asked Questions

We received a chargeback due to the fact that cardholder was billed incorrectly. This error has been confirmed. Do I issue a credit now?

> No. The issuer has given a credit to the cardholder as a result of the chargeback. Unless the chargeback is for the incorrect amount; no further action is required.

A chargeback has been received for Visa Reason Code 76 – Incorrect Transaction Code. The cardholder claims that they did not receive a credit for $50.00, why is the chargeback in the amount of $100.00

> A valid use of this code is that the cardholder was billed an original sale.
> They are entitled to a refund; however, the refund was not processed as a

credit it was processed as a sale. Therefore the cardholder is now due credit for the original refund and the second sale that was posted to their account.

When a T&E transaction is being charged back because it was presented late (Reason Codes 74 for Visa and 42 for MasterCard); how is the transaction date calculated?

> The transaction processed date is calculated from the original transaction date that is listed on the transaction document to the posting date of the transaction.

Notes:
- Vehicle Rental and Hotel Merchants-The transaction date is the date that the vehicle was returned to the rental agency for Vehicle Rental Merchants
- Hotel transaction dates are the date that cardholder checked out of the hotel.

DISCOVER
CARD

Reason Codes and Description

4586 AW	Altered Amount
4550 CD	Credit Posted as Card Sale
4534 DP	Duplicate Processing
4542 LP	Late Presentment
4864 NF	Non-Receipt of Cash from ATM
8002 RN2	Credit Not Received
4672 05	Good Faith Investigation

Discover 4586 AW – Altered Amount

The transaction amount agreed to by the cardholder was altered without the cardholder's consent or direction after the cardholder signed the transaction documentation. This includes Cash Advance Transactions.

Time limit-120 calendar days from the processing date of the transaction

Possible Cause
- The cardholder signed and agreed to the amount indicated on the transaction documentation; however, the system posted a different amount to the cardholder's account
- The cardholder agreed to a tip amount by signing the transaction documentation but the system posted a different tip amount to the cardholder's account
- The cardholder agreed to a certain card transaction amount, but the system posted a different amount to the cardholder's account
- ATM dispensed an amount different from the amount charged to the Account (not including any agreed upon fee or service charges)
- Cardholder approved the amount indicated on the Transaction Documentation for a Cash Advance, Cash Over or an ATM Transaction and signed the Transaction. Documentation, if applicable, but different amounts of cash were dispensed and charged to the account.
- Cardholder did not request Cash Over as part of a Card Sale for the purchase of goods and did not receive cash, but cash over was charged to the account

How to Avoid
- Ensure that all transactions are processed correctly and no alteration has been made to the transaction
- Be sure all sales drafts are written clearly and calculated correctly

How to Defend
- Provide a copy of the sales draft showing that there is no error in the transaction amount or credit amount processed
- Follow all instructions provided on the chargeback notification and respond by the due date provided
- Transaction Document signed by the cardholder indicating the cardholder agreed to the amount printed on the Transaction Documentation in a Cash Advance, Cash Over, or ATM transaction
- Evidence that the Cardholder received cash
- Evidence that a Credit was issued to the Account to correct the error

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code AW because the cardholder states a "0" was added to the amount of the transaction they approved. What do you need to supply?

> **Answer:** Supply a signed mag swipe read or signed imprinted sale showing the transaction amount is clear and legible and no alterations have been made to any of the numbers written on the receipt.

Discover 4550 CD – Credit Posted as Card Sale

The cardholder was debited for a transaction that should have been a credit transaction.

Time Limit-120 calendar days from the processing date of the transaction.

Note: The chargeback is valid for double the amount of the transaction.

Possible Cause
• The cardholder made a purchase from the merchant; however, a credit rather than a card sale was posted to the cardholder's account

How to Avoid
• Ensure all transactions are processed using the correct transaction code

How to Defend
• Provide a transaction receipt or other record that indicates the Card Transaction was posted correctly
• Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code CD the Issuer supplied a credit receipt from the cardholder who states the charge should be a credit. What do you need to supply as a rebuttal?

> **Answer:** Proof that the transaction in question should be a charge to the cardholder – signed mag swipe read or signed imprinted transaction. Also, you would need to address the credit slip supplied by showing that it was applied against a charge or that credit was issued.

Discover 4534 DP – Duplicate Processing

The cardholder was charged two or more times for the same sale; dispute must be for transactions on the same date for the same amount and the cardholder did not receive benefit from more than one sale. This includes an ATM transaction, or Cash Advance.

Time Limit-120 calendar days from the processing date.

Possible Cause
- Multiple card sales were posted to the cardholder's account on the same date, with a dollar amount difference of no more than 20% from the amount of the card sale involving the same merchant
- Multiple card sales were posted to the cardholder's account on the same date, for the same dollar amount, and at the same merchant location

How to Avoid
- Ensure transactions are processed only once
- If duplication occurs, notify us immediately

How to Defend
- Provide legible copies of two different sales to refute the issuer's claim of duplicate processing
    - Detailed invoices may be helpful if there are multiple transactions involved
- Provide proof of credit issued or transaction reversals processed to correct the duplicate billing
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Note: If a transaction was duplicated and no reversal has been issued, please accept the chargeback.

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code DP reflecting that the cardholder was billed twice for the same transaction. How would this chargeback be resolved?

> **Answer:** By supplying two different transaction receipts, this chargeback can be represented.

Discover 4542 LP – Late Presentment

The transaction was processed more than 10 calendar days for all industries, with the following exceptions: 30 days for Lodging, Car Rental, Airlines, Passenger Railway, and other travel merchant category codes.

Time Limit-120 calendar days from the processing date of the transaction.

Possible Cause
- The transaction was delayed due to a POS system issue

How to Avoid
- Ensure your transactions are processed in a timely manner

How to Defend
- Provide us with a legible copy of the sales receipt showing that the transaction was processed within the required timeframe; **or**
- On a delivery order with delayed delivery requirements, you must show you obtained a valid authorization response within 10 calendar days of the ship date, expected delivery date, or processing attempt; **or**
- Provide documentation such as a signed work order, that the cardholder approved the submission of the transaction for posting to their account more than 10 calendar days after the date of the sale; **or**
- Provide documentation that the merchant completed a custom order, obtained a valid authorization response at the time of order, and submitted the sale as the final payment once the custom order was completed, as indicated in a work order or other agreement signed by the cardholder
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code LP. You processed a manual transaction receipt from an offsite location on April 10th; however, the transaction was completed in February. The issuer attempted to post the transaction; however, the account was closed. How would this chargeback be resolved?

> **Answer:** There is no remedy for this chargeback since the issuer was not able to post the transaction to the cardholder's account. All transactions must be processed within the required timeframe that is specified by Discover Network.

Discover 4864 NF – Non-Receipt of Cash from ATM

The cardholder alleges and ATM Cash Disbursement was charged to an Account, but cash was not dispensed by the ATM.

Time Limit-120 calendar days from the processing date of the transaction.

Possible Cause
- ATM machine did not dispense the cash requested and billed to the cardholder

How to Avoid
- Ensure the ATM is in proper working order

How to Defend
- Supply ATM log reflecting cash was disbursed

Discover 4865 PM – Paid by Other Means

The cardholder claims their account was charged for a transaction that was conducted using another form of payment.

Time Limit-120 calendar days from the processing date of the transaction.

Possible Cause
- Cardholder paid the merchant for a purchase of goods or services using another method of payment and amounts should not be billed to the account

How to Avoid
- Accept only one form of payment per transaction, **and**
- Ensure the cardholder is only billed once per transaction
- In the event that two or more forms of payment are accepted for one transaction, document each form of payment on one transaction receipt confirming that the total of all payments do not exceed the total of the purchase

How to Defend
- Provide documentation signed by the cardholder indicating the cardholder agreed to the card sale
- Provide proof the transaction was not paid for by an alternate means
- Documentation to prove they are separate transaction and an explanation of the transactions

Discover 8002 RN2 – Credit Not Received

The cardholder refused delivery of goods or services or returned merchandise and credit was not posted to the cardholder's account as expected.

Time Limit-120 calendar days from the processing date of the transaction. The issuer must wait 15 calendar days from the date the cardholder returned the goods to the merchant or refused the service before initiating an RN2 Dispute.
For Card Transactions involving Merchants in the direct marketing, food services, fast food, cruise line, transportation, lodging, and vehicle rental industries; Issuers may initiate RN2 Disputes up to 120 calendar days from the scheduled event date, but not more than 540 calendar days from the Processing Date. If the scheduled event date is not available to the Issuer, then the Issuer may initiate a RN2 Dispute up to 120 calendar days from the Processing Date. The Issuer must wait 15 calendar days from either: the date of cancellation by the Cardholder of services or a reservation or the date goods were returned, as applicable, before initiating a RN2 Dispute.

The initiation period begins on one of the following dates, as applicable: (a) the Processing Date; (b) the date of the Credit Transaction Receipt; (c) the date of the return; (d) the date of the cancellation; or (e) the date of the reservation. RN2 Disputes may not be initiated more than 540 days from the dates indicated.

Possible Cause
- Cardholder refused delivery of goods or services and has not received a credit
- Cardholder returned goods to the merchant and received a promise of credit but credit has not posted to their account

How to Avoid
- Process all credit vouchers promptly
- Properly disclose special refund policies on the sales draft in close proximity to the cardholder's signature

How to Defend
- Provide us with the date the credit was issued to verify when the credit was processed; or
- Provide a rebuttal addressing the cardholder's dispute
- If a credit has not been issued and should have been, accept the chargeback
- Transaction Documentation signed by the Cardholder indicating the cardholder agreed to the Cash Advance or Cash Over trans
- Evidence that the Cardholder received cash
- Evidence that a Credit was issued to the Account to correct the error, where Credits are permitted by these Dispute Rules and the Operating Regulations
- Evidence that the Cardholder did not cancel the reservation in accordance with the Merchant's published policies

- Evidence that the cancellation number provided by the cardholder in support of the Dispute is invalid and the Card Sale was processed correctly
  Note: For a Dispute of a Card Transaction involving shipping or delivery obligations by the Merchant is responsible for goods held in its own country's customs agency.

Chargeback Scenarios

Scenario #1

A chargeback was received from the issuer for reason code RN2. The issuer supplied information stating that the merchandise was returned; however, no documentation to show that the merchandise received was returned to you. Your response states that there is no record that the merchandise that the cardholder claims to have returned was received. How would this chargeback be remedied?

> **Answer:** The case would be represented back to the issuer with the rebuttal you supplied; however, this does not guarantee that the chargeback will be resolved.

Scenario #2

A chargeback was received from the issuer for reason code RN2. The issuer supplied information from the cardholder stating that they returned the merchandise and received an in-store credit voucher. Your rebuttal states that there is a sign posted next to the register that indicates the cardholder will receive an in-store credit voucher for all returns. Would this rebuttal remedy this chargeback?

> **Answer:** No. The return policy was not properly disclosed to the cardholder at the time of transaction and the merchandise is in your possession.

Discover 4762 05 – Good Faith Investigations - Chargeback

This reason code is assigned by Discover if the acquirer or merchant accepts responsibility for a card transaction subject to dispute.

Time Limit-Issuer may initiate within 2 years of the transaction processing date.

The acquirer or merchant may submit evidence to Discover that the cardholder has received duplicate credits, if the merchant applied a credit to the cardholder in response to a Good Faith Inquiry and a chargeback was also processed. Otherwise this chargeback is final and non-appealable.

Reason Codes and Description	
P01	Unassigned Card Number
P03	Credit Processed as Charge
P04	Charge Processed as Credit
P05	Incorrect Charge Amount
P07	Late Submission
P08	Duplicate Charge
P22	Non-Matching Card Number
P23	Currency Discrepancy

AMEX P01 Unassigned Card Number

The merchant has submitted a charge using an invalid or otherwise incorrect card number.
Note: The transaction may be resubmitted to American Express if the merchant is able to verify and provide the correct card number

Possible Cause
- Transaction was processed utilizing an incorrect account number

How to Avoid
- Obtain a valid authorization prior to processing all transactions, **and**
- Magnetic-Swipe or imprint all card present transactions

How to Defend
- Copy of the imprint that confirms Card Number, **or**
- Proof that the merchant obtained an authorization approval for such card number, **or**
- Copy of the charge record from the terminal that electronically read the card number

AMEX P03 Credit Processed as Charge

The cardholder claims the merchant submitted a sale that should have been a credit.

Possible Cause
• Merchant intended to issue a credit; however, the transaction was processed as a sale
How to Avoid
• Ensure all transactions are processed accurately with proper transaction code
• Ensure that credit transaction receipts are processed as credits and sale transaction receipts are processed as sales
How to Defend
• Provide a copy of transaction receipt or other documentation to prove the transaction was to be a sale
• Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1 A chargeback was received from AMEX for reason code P03, for double the transaction amount. The cardholder is claiming that they were issued a credit slip which was not processed. What is the resolution of this chargeback?

> **Answer:** Supply proof that the cardholder was not due a credit and the sale was processed properly.

AMEX P04 Charge Processed as Credit

The cardholder claims the merchant submitted a credit that should have been a sale.

Possible Cause

- Merchant intended to issue a sale; however, the transaction was processed as a credit

How to Avoid

- Ensure all transactions are processed accurately with proper transaction code
- Ensure that credit transaction receipts are processed as credits and sale transaction receipts are processed as sales

How to Defend

- Provide a copy of transaction receipt or other documentation to prove the transaction was to be a credit
- Follow all instructions provided on the chargeback notification and respond by the due date provided

AMEX P05 Incorrect Charge Amount

The transaction amount submitted differs from the amount the cardholder agreed to pay.

Possible Cause
• The transaction amount was incorrectly entered

How to Avoid
• Confirm that the transaction amount is correct prior to processing • Do not alter transaction documentation or make any adjustments unless the cardholder has been contacted and agrees to any modifications of the transaction amount

How to Defend
• Provide transaction documentation showing the amount billed, **and** • If the amount was altered provide proof that the cardholder agreed to the altered amount • Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from AMEX for reason code P05. The cardholder has contacted AMEX stating that they were overcharged by $24.00 on a transaction. How do we remedy this chargeback?

> **Answer:** A transaction receipt reflecting the full unaltered amount will need to be provided. If a change was made after the cardholder agreed to the sale, documentation will need to be provided that reflects that cardholder agreed to the change.

AMEX P07 Late Submission

The charge was not submitted within the required timeframe.

Possible Cause

- Transaction was not deposited within 7 calendar days of the original transaction date

How to Avoid

- Process all transactions within the required timeframes specified by AMEX

How to Defend

- Provide proof the transaction was deposited and processed within the required time limit
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from AMEX for reason code P07. You completed a sale on April 10th; however, the transaction was processed in June. How would this chargeback be resolved?

> **Answer:** There is no remedy for this chargeback since the transaction was not processed within the required 7 day timeframe.

AMEX P08 Duplicate Charge

An individual charge was processed to the cardholder's account.

Possible Cause

- A single transaction was processed more than once to the cardholder's account
- POS device was batched out twice

How to Avoid

- Ensure transactions are not processed multiple times
    - In the event that a transaction was processed more than once in error; immediately issue voids, transaction reversals or credits

How to Defend

- Provide valid legible copies of all transaction documentation which could include:
    - Two transaction receipts, **and/or**
    - Two invoices, **and**
    - Itemization reflecting different transactions
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from AMEX for reason code P08. Two different receipts reflecting the same amount were previously supplied by you; however, the receipts did not reflect different items were purchased. Has this chargeback been resolved?

> **Answer:** No, you supplied two separate transaction receipts but they have not proven that two separate transactions occurred.

AMEX P22 Non-Matching Card Number

The card number in the transaction does not match the card number in the original charge.

Possible Cause
- The account number was incorrectly entered

How to Avoid
- Confirm that the account number is correct prior to processing
- Do not alter the imprint **and** avoid hand writing the account number on the transaction receipt
- Obtain a manual imprint when the card is unable to be read electronically
  - When key entering the account number compare the account number entered to the imprint of the card prior to processing the sale

How to Defend
- Provide transaction documentation showing the account number billed
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Chargeback Scenarios

Scenario #1

A chargeback was received from AMEX for reason code P22, claiming the transaction was processed on an incorrect account number. You have supplied a copy of an imprinted transaction receipt and a receipt from the POS terminal. The imprint differs from the account number billed. How do we remedy this chargeback?

> **Answer:** If the transaction receipt reflects the account number billed along with a valid authorization code; the chargeback is remedied. The correct account was billed.

AMEX P23 Currency Discrepancy

The charge was incurred in an invalid currency.

Possible Cause
- Transaction was to be processed in a currency other than the currency used to settle the transaction

How to Avoid
- Process all transactions in the proper currency as stated on the transaction receipt
  Note: Transaction receipt must indicate the applicable currency

How to Defend
- Provide a copy of transaction receipt or other documentation to prove processed under appropriate currency code
- Follow all instructions provided on the chargeback notification and respond by the due date provided

Violation of Operating Regulations

Merchant violated an Operating Regulation, initiated by Discover.

DISCOVER
CARD

Reason Codes and Description

4757 TF   Dispute Initiated by Discover Network for Violation of Operating Regulations

Discover 4757 TF – Dispute Initiated by Discover Network for Violation of Operating Regulations

The merchant did not comply with the requirements of the applicable Operating Regulations in conduction the transaction.

Time Limit-120 calendar days from the processing date of the transaction, no later than 540 calendar days.

Possible Cause
- The merchant failed to comply with a Discover Network Operating Regulation
- Good Faith Investigation reviewed by Discover and it is determined that one or more of the merchants transaction violated the Operating Regulations by operating in a Prohibited Merchant Category

How to Avoid
- Adhere to Discover rules and regulations when processing all credit card transactions

How to Defend

Chargeback Scenarios

Scenario #1
A chargeback was received from the issuer for reason code TF because an authorization was not requested or received for a transaction.

> **Answer:** Without valid proof that an approval code was received to process the transaction, this would be a valid chargeback to your account.

Chargeback Programs

American Express has added the merchant to a specified chargeback program

Reason Codes and Description	
FR2	Fraud Full Recourse Program
FR4	Immediate Chargeback Program
FR6	Partial Immediate Chargeback Program

AMEX FR2 Fraud Full Recourse Program

The cardholder denies authorizing the charge and the merchant has been placed in the Fraud Full Recourse Program.

Possible Cause
- American Express places the merchant on the Fraud Full Recourse Program

How to Avoid
- Maintain a chargeback ratio below American Express threshold criteria

How to Defend
- Proof that the merchant had not been placed in the Fraud Full Recourse Program at the time of the chargeback

AMEX FR3 Immediate Chargeback Program

The cardholder has disputed the charge and the merchant has been placed in the Immediate Chargeback Program.

Possible Cause
- American Express places the merchant on the Immediate Chargeback Program

How to Avoid
- Maintain a chargeback ratio below American Express threshold criteria

How to Defend
- Proof that the merchant had not been placed in the Immediate Chargeback Program at the time of the chargeback

AMEX FR6 Partial Immediate Chargeback Program

The cardholder has disputed the charge and the merchant has been placed in the Partial Immediate Chargeback Program.

Possible Cause

- American Express places the merchant on the Partial Immediate Chargeback Program

How to Avoid

- Maintain a chargeback ratio below American Express threshold criteria

How to Defend

- Proof that the merchant had not been placed in the Partial Immediate Chargeback Program at the time of the chargeback

Credit Adjustments

American Express will use the following reason codes when reversing a prior chargeback.

Reason Codes and Description	
M11	Chargeback Reversal
M38	Chargeback Reversal

AMEX M11 Credit Adjustment

Message from American Express: We recently debited your account for the adjustment amount indicated. We have now received your credit for this charge and we are reversing the debit and crediting your account.

AMEX M38 Credit Adjustment

Message from American Express: We recently debited your account for the adjustment amount indicated. We are now reversing the debit and crediting your account.

Exceptions

Arbitration, Compliance and Good Faith Collections
Pre-Arbitration

Pre-Arbitration allows First Data and the issuer to work together in an attempt to resolve the dispute outside of the normal chargeback cycle. A pre-arbitration case may follow a chargeback; however it will not be received prior to a chargeback. It provides the opportunity for First Data and the issuer to review cases on the merit of reasonableness to resolve without involving the Network.

VISA

Visa Pre-Arbitration

There are various reasons why First Data may receive an incoming Visa Pre-Arbitration dispute:

- Issuer is changing the reason for the dispute (reason code change), **or**
- New information, which could include an updated cardholder letter, was obtained by the issuer, **or**
- The documentation supplied was incomplete or compelling information supplied does not remedy, **or**
- Terms and Conditions as well as Refund Policies were not disclosed properly to the cardholder at the time of the transaction

> Visa Pre-Arbitration Top Five Reason Codes:
> - 30 Services Not Rendered
> - 41 Cancelled Recurring
> - 53 Not As Described/Defective
> - 83 Fraudulent Card Not Present
> - 85 Credit Not Processed

Note: The issuer must ensure all timeframe requirements are met, include updated documentation as required, and meet all regulatory conditions defined by Visa.

MasterCard Pre-Arbitration

Upon receipt of an incoming MasterCard Second Chargeback First Data will initiate an outgoing Pre-Arbitration dispute when:

- First chargeback remedy was supplied, **or**
- New information was not supplied by the issuer, **or**
- Invalid reason code change, **or**
- Issuer changed the reason code and a remedied has been provided

> MasterCard Arbitration Top Five Reason Codes:
> - 37 No Cardholder Authorization
> - 53 Cardholder Dispute effective date 10/16/15
> - 55 Goods or Services Not Provided
> - 59 No-Show, Addendum, or ATM Dispute

First Data may need additional information to assist with resolution of the pre-arbitration case. Communications for exception cases are sent to you requesting documentation to continue to work the case. You have 14 calendar days to respond unless otherwise noted.

Discover Pre-Arbitration

There are various reasons why First Data may receive an incoming Pre-Arbitration dispute:

- Issuer is changing the reason for the dispute (reason code change), **or**
- New information, which could include an updated cardholder letter, was obtained by the issuer, **or**
- The documentation supplied was incomplete or compelling information supplied does not remedy, **or**
- Terms and Conditions as well as Refund Policies were not disclosed properly to the cardholder at the time of the transaction

Note: The issuer must ensure all timeframe requirements are met, include updated documentation as required, and meet all regulatory conditions defined by Discover

Note: Discover can render a decision during the pre-arbitration stage. If Discover rules in favor of the merchant, the issuer can still pursue Arbitration. A merchant or acquirer may request that a lost pre-arbitration case be pursued as an outgoing Arbitration case.

Note: For specific information regarding the cause of a chargeback along with how to avoid and how to defend, please refer to chapter four of this guide

Pre-Compliance

Pre-Compliance allows First Data and the issuer to work together to attempt to resolve a dispute where no chargeback rights exist and a financial loss has occurred due to a Visa, MasterCard or Discover rule violation. Notification of these types of disputes allows the member to address the problem and attempt to settle the dispute; however, it is not always required prior to filing a compliance case.

Compliance
The compliance process is reserved for instances when Visa, MasterCard or Discover operating regulations have been violated. Visa and MasterCard have specific rules and regulations that must be followed by all members. When a rule has been violated, financial loss has occurred and chargeback rights do not exist a compliance case will be initiated.

The top five reasons Incoming Compliance cases are received by First Data:

> Incoming Compliance
> Visa 85%
> MasterCard 15%

- Compromised Data
- Incorrect Currency Conversion
- Delayed or Amended Services
- Charges for Loss, Theft, or Damages
- Returned Merchandise, Cancelled Services
- Request for Copy

The top reason Outgoing Compliance cases are sent by First Data:
- Requested Transaction Information not Received (supplying copy of receipt or proof of fulfillment to issuer)

How to Avoid
- Ensure proper compliance of all Visa and MasterCard Operating Regulations

How to Defend
- Respond by the due date listed on your dispute notification with written explanation and all pertinent documentation related to the transaction

Notes:
- Upon receipt of a Pre-Compliance or Compliance dispute credit should not be issued
- The decision made by Visa and/or MasterCard in Compliance is the final resolution of the dispute and no further action can be taken

Visa and MasterCard Good Faith Collection

A collection case is sent to the issuer or acquirer/processor on a reciprocal basis when additional information is supplied beyond chargeback time frames.

- Minimum dollar thresholds are set by each issuing bank
- Cases must be less than a year old from the transaction date to qualify for review
- Disputes concerning fraud are not considered
- Fees are assessed by the cardholder's bank as well as the acquirer
- Issuers and acquirers have no obligation to provide a response or accept these cases
- Visa and MasterCard do not govern this process

Discover Good Faith Collection

A collection case is sent to the acquirer/merchant when additional information is supplied beyond chargeback time frames.

Good Faith Collection Facts:
- Minimum dollar thresholds are set by each issuing bank
- Disputes concerning fraud are not considered
- Fees are assessed by the cardholder's bank as well as the acquirer
- The incoming Good Faith Collections process is included within the retrieval cycle
- The ticket retrieval request will be initiated by Discover on the issuer's behalf for retrieval code 05 – Good Faith Investigation
- The merchant is not obligated to fulfill the ticket retrieval request for retrieval code 05
- If the merchant accepts the Good Faith Collection case, a chargeback will be submitted by Discover under reason code 4762/05 Good Faith Investigation in order to recoup the funds from the merchant.
- Issuers may initiate a Good Faith Investigation after the expiration of the initiation chargeback time periods and within two years of the Processing Date of the transaction
- Once you accept a Good Faith Investigation Retrieval Request and receive the subsequent chargeback, it cannot be reversed.

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Best Practices for Specific Merchant Industries

Chapter 6

Special processing and chargeback consideration is granted to industry specific merchants. This section is designed to outline preventative measures and chargeback recommendations for select industries.

For information regarding the cause of a chargeback along with how to avoid and how to defend, please refer to chapter four of this guide.

Mail/ Telephone Billing (MO/TO)

Preventive Measures – Tips to Avoid Unnecessary Chargeback's

Authorization Processing – The merchant is required to obtain authorization on **all** transactions. Merchants processing MO/TO transactions may obtain authorization on or prior to the transaction date; up to seven days prior for Visa. The authorization must be for the actual amount unless an estimated amount is requested due to shipping fees; the amount must be within 15% of the final transaction amount. Please ensure authorizations are processed properly; including recognizable merchant name, proper MCC assignment and corresponding indicators (e.g. mail, phone, ecommerce, installment, recurring billing). This will enable the issuer to make better authorization decisions.

Transaction Processing – The transaction should not be processed until the merchandise is shipped/delivered or services are provided to the cardholder. Multiple transactions may be processed to allow for split shipments or partial services as long as each are properly authorized. Please ensure transactions are processed properly; including recognizable merchant name, proper MCC assignment and corresponding indicators (e.g. mail, phone, ecommerce, installment, recurring billing). This will enable issuers to better assist their customers on potential inquirer and may prevent unnecessary chargeback.

Proper Disclosure – Policies for returns and cancellations need to be properly disclosed to the

Recurring Payments

- Ensure all mail/phone best practices are followed
- Promptly process all changes to payment methods for future recurring transactions as received from the cardholder
- Once a cancellation notice or chargeback is received, make certain future transactions are not billed unless contractually supported
- Implement internal best practices for handling expired cards, which may include support for Account Updater production solutions

Proper discloser should be provided at the time of transaction; however it does not guarantee that a transaction will not be disputed.

cardholder prior to processing the transaction. A written acknowledgment sent to the customer, signed and returned is recommended.

Deterring Fraud - Potential fraudulent activity may be identified by using Address Verification, CVV2/CVC2 services, or other internal fraud detection solutions. Implementing internal best practices you may be able to reduce unnecessary fraud losses when negative responses are received through the fraud prevention tools, when shipping valuable products or when an alternate shipping address is used. Obtain a signed proof of delivery for shipped merchandise or a release form indicating the cardholder allows packages to be left without a signature. For services, retain acknowledgement from the cardholder that the services were received.
- Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program

Defending Chargeback's – Tips to Resolve Disputes

Fraud- Visa - Potential fraudulent activity may be identified by using Address Verification and/or CVV2 services. Supplying proof that CVV2 was utilized and an unsupported response code of "U" was received, **or** proof that an unsupported AVS response code of "U" was received (except for Visa International) will remedy fraud chargebacks. Implement internal best practices to help reduce unnecessary fraud losses when negative responses are received through the fraud prevention tools, when shipping valuable products or when an alternate shipping address is used.

Fraud-MasterCard - Potential fraudulent activity may be identified by using Address Verification and/or CVC2 services. Provide proof AVS response of X or Y was received, with proof of delivery if available or other documentation showing the merchandise was shipped to the positive AVS confirmed address. While the AVS response of X or Y may enable chargeback's to be reversed back to the issuer may however not completely remedy the dispute.
- Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program
  Note: If this is a 2nd chargeback and an updated cardholder letter has been received there is no further recourse.

The merchant may provide "Compelling Evidence" to support the cardholder participated in the transaction such as:
- A receipt, work order, or other document signed by the cardholder, substantiating that the cardholder received the goods or services.
- Cardholder confirmation of registration to receive electronic delivery of goods or services; or
- Letters, e-mails, faxes, or other written correspondence exchanged between the merchant and cardholder.

Cancelled/Returned

Credit not Processed

If there is no record that a credit is due supply documentation reflecting the disclosure accepted by the cardholder at the time of the transaction. Process any credits due via the same means as the original payment. If a Visa was used, that same card must be credited. Do not give cash as a credit nor credit another credit card account at the cardholder's request.

Cancelled Recurring Transaction

Promptly process all changes to payment methods for future recurring transactions as received from the cardholder. Once a cancellation notice or chargeback is received, make certain future transactions are not billed unless contractually supported. Implement internal best practices for handling expired cards, which may include support for Account Updater services.

Chargeback Scenario

Scenario #1

A chargeback was received for MasterCard Reason Code 37, No Cardholder Authorization, for a telephone order transaction. The cardholder is claiming that the transaction was not authorized by anyone permitted to use the credit card. You have supplied a copy of the telephone order reflecting the following: cardholder name, account number, total due, billing and shipping address; along with documentation to show the AVS response received was an X, as well as signed proof of delivery to the confirmed address. Is this chargeback remedied?

> **Answer:** The chargeback would be represented to the issuer with all of the information supplied to show that all measures have been taken to protect against fraud. However, be aware that in the event that the cardholder continues to dispute the transaction as fraudulent and supplies a progressive dispute letter the issuer does have the right to submit a second chargeback.

Scenario #2

A chargeback was received for Visa Reason Code 83, Fraudulent Transaction – Card Absent Environment, for a mail order transaction. The cardholder is claiming that the transaction was not authorized by anyone permitted to use the credit card. You have supplied a copy of the order form completed by the cardholder reflecting the following: cardholder name, account number, total due, billing and shipping address; along with documentation to show the AVS response received was a U, as well as a copy of the unsigned proof of delivery to the address on the order form. Is this chargeback remedied?

> **Answer:** Yes. Visa has requested that all issuers, except for those in the International Regions participate in the Address Verification Service. An AVS response of U is reflecting that the issuer does not support address verification; along with documentation proving the merchandise was shipped or delivered, or services were purchased, the issuer will be held liable for the disputed transaction.

Scenario #3

A chargeback was received for Credit Not Processed, Visa chargeback reason code 85 or MasterCard chargeback reason code 60, against a mail order

transaction. The cardholder is claiming that they returned the merchandise that was purchased and they have not received a credit to their account. You have not received the returned merchandise. What documentation is required to request a reversal?

> **Answer:** A written letter notifying the issuer that the merchandise has not been received bank from the cardholder and request that the issuer provide proof of delivery.

Scenario #4

A chargeback for MasterCard Reason Code 41, Cancelled Recurring Transaction, was received for a mail/telephone transaction. The cardholder has stated in their letter that they cancelled the recurring payment in April of 2011. Your website discloses to the cardholder prior to completing the transaction that in order to cancel, the customer will need to submit a cancellation request by certified mail to the home office. This cancellation policy is clearly displayed with a 'click to accept' button that when not checked will not allow the transaction to be processed. The home office does not have record of receiving a cancellation request. What option do you have to dispute this chargeback?

> **Answer:** Supply a written rebuttal and copies of the website reflecting the cancellation policy along with "Click to Accept". The cardholder will need to provide proof that they cancelled the service according to the agreed upon terms.

Ecommerce Billing

Preventive Measures – Tips to Avoid Unnecessary Chargeback's

Authorization Processing – The merchant is required to obtain authorization on **all** transactions. Merchants processing ecommerce transaction may obtain authorization on or prior to the transaction date; up to seven days prior for Visa. The authorization must be for the actual amount unless an estimated amount is requested due to shipping fees; the amount must be within 15% of the final transaction amount. Please ensure authorizations are processed properly; including recognizable merchant name, proper MCC assignment and corresponding indicators (e.g. mail, phone, ecommerce, installment, recurring billing). This will enable the issuer to make better authorization decisions. MasterCard will allow the merchant to decline a transaction that was approved by the issuer if the merchant suspects the transaction is fraudulent. The merchant must send back a reason for the decline to the issuer. Please contact your account manager for further instructions.

> ### *Recurring Payments*
> - Ensure all mail/phone best practices are followed
> - Promptly process all changes to payment methods for future recurring transactions as received from the cardholder
> - Once a cancellation notice or chargeback is received, make certain future transactions are not billed unless contractually supported
> - Implement internal best practices for handling expired cards, which may include support for Account Updater production solutions

Transaction Processing - The transaction should not be processed until the merchandise is shipped/delivered or services are provided to the cardholder. Multiple transactions may be processed to allow for split shipments or partial services as long as each are properly authorized. Please ensure transactions are processed properly; including recognizable merchant name, proper MCC assignment and corresponding indicators (e.g. mail, phone, ecommerce, installment, recurring billing). This will enable issuers to better assist their customers on potential inquirer and may prevent unnecessary chargeback.

Proper Disclosure – The cardholder will need to be made aware of any policies for cancellation or return. When utilizing a "Click to Accept" disclosure, ensure the policies and procedures are followed and are clear to the cardholder prior to completion of the transaction.

Proper disclosure should be provided at the time of transaction; however it does not guarantee that a transaction will not be disputed.

Deterring Fraud - Potential fraudulent activity may be identified by using Address Verification, CVV2/CVC2 services, cardholder authentication services such as Verified by Visa and MasterCard Secure Code, and/or other internal fraud detection solutions. Implementing internal best practices may enable you to reduce unnecessary fraud losses when negative responses are received through the fraud prevention tools, when shipping valuable products or when an alternate shipping address is used. Obtain a signed proof of delivery for shipped merchandise or a release form indicating the cardholder allows packages to be left without a signature. For services, retain acknowledgement from the cardholder that the services were received or proof that virtual services were downloaded

or otherwise provided to the cardholder. Provide documentation to reflect the number of bytes for a download along with the number of bytes actually downloaded.

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Defending Chargeback's – Tips to Resolve Disputes

Fraud-Visa – Potential fraudulent activity may be identified by using Address Verification, CVV2 services, and/or Verified by Visa. Supplying proof that an unsupported AVS response code of "U" was received (except for Visa International*), proof that CVV2 was utilized and an unsupported response code of "U" was received, or authentication was received or attempted to be received when utilizing VbV will remedy fraud chargeback's. Implement internal best practices to help reduce unnecessary fraud losses when negative responses are received through the fraud prevention tools, when shipping valuable products or when an alternate shipping address is used.
* Canadian Domestic mo/to or ecommerce transactions with an AVS of "U" when the cardholder is anonymous for Visa Commercial Card types.

Fraud-MasterCard - Potential fraudulent activity may be identified by using Address Verification, CVC2 services, and/or MasterCard Secure Code. Supplying proof AVS response of X or Y was received, with proof of delivery if available or other documentation showing the merchandise was shipped to the positive AVS confirmed address, or authentication was received or attempted to be received when utilizing MasterCard Secure Code. While the AVS response of X or Y may enable chargeback's to be reversed back to the issuer may however not completely remedy the dispute.

- Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program
  Note: If this is a 2nd chargeback and an updated cardholder letter has been received there is no further recourse.

The merchant may provide "Compelling Evidence" to support the cardholder participated in the transaction such as:

- A receipt, work order, or other document signed by the cardholder, substantiating that the cardholder received the goods or services.
- Cardholder confirmation of registration to receive electronic delivery of goods or services; or
- Letters, e-mails, faxes, or other written correspondence exchanged between the merchant and cardholder.

Cancelled/Returned

Credit Not Processed

If there is no record that a credit is due supply documentation reflecting the disclosure accepted by the cardholder at the time of the transaction. Provide disclosure on website on same page as the check out showing cardholder must click to accept in order to complete the transaction. Process any credits due via the same means as the original payment. If a Visa was used, that same card must be credited. Do not give cash as a credit nor credit another credit card account at the cardholder's request.

Cancelled Recurring Transaction (MasterCard Only)

A contract which was accepted by the cardholder at the time of the transaction and states the cardholder needed to cancel according to specific terms (i.e. in writing) and the cardholder did not provide proof that they cancelled according to the agreed terms should be supplied. An invoice or POD showing merchandise was shipped prior to cancellation and has not been returned will assist in disputing the chargeback.

Chargeback Scenario

Scenario #1

A chargeback for Visa Reason Code 83, Fraudulent Transaction – Card Absent Environment, was received against an ecommerce transaction. The cardholder has stated in their letter that the transaction posted to their account was not made nor authorized by them or any authorized user of the account. You have supplied documentation to show that a CVV2 response of "U" was obtained. Is this chargeback remedied?

> **Answer:** Yes. Issuers who do not participate in the Card Verification Value 2 Program do not have chargeback rights when a cardholder claims the transaction to be fraudulent.

Scenario #2

A chargeback for MasterCard Reason Code 37, No Cardholder Authorization, was received for an ecommerce transaction. An affidavit of fraud was supplied reflecting that the transaction in question was not authorized by the cardholder or any other authorized user. Upon review of the transaction it was found that the MasterCard Secure Code program was utilized and this transaction was fully authenticated. Is this chargeback remedied?

> **Answer:** Yes. Merchants that participate in the MC Secure Code Program and received full or attempted authentication response are protected from reason code 37 chargeback's.

Car Rental

Authorization Processing – The merchant is required to obtain authorization on **all** transactions, therefore ensure proper authorization has been received between the time the car was rented and return is crucial. Keep a record of all authorization amounts and approval codes associated with the rental. The total amount authorized must be within 15% of the actual transaction amount, (Visa allows the 15% variance or USD $75, and whichever is greater) if the actual transaction amount is more than the allowed variance, an additional authorization is required for the difference. In the event a 'decline', 'pick up' or other non approval response is received request a different form of payment. Please ensure authorizations are processed properly; including merchant name and proper MCC assignment. This will enable the issuer to make better authorization decisions.

Transaction Processing - The transaction date is considered the date the car is returned or rental agreement is closed. Obtain signature and an imprint or magnetic swipe of the credit card on the date the rental agreement is opened. Additional charges must be processed within 90 days of the vehicle's return with the exception of parking or moving violations, which must be processed within 90 days of the notification received from the civil authorities. Transactions processed as a result of a loss, theft or damage are not valid and should not be completed. Supplying addendum data, such as cardholder name and address, with the transaction will enable the issuer to better assist their customers on potential inquiries and may prevent unnecessary chargeback's.   During peak season and for specialized vehicles, Visa allows No Shows to be processed. The merchant must hold the vehicle for the allotted time, deposit a rental agreement with the words no-show on the signature line on the rental agreement and obtain a valid authorization.

Proper Disclosure - The cancellation policy needs to be disclosed to the cardholder at the time of the reservation. ~~A written acknowledgment sent to the customer, signed and returned is recommended or documentation to show a "Click to accept" option on the disclosure page for online purchases.~~ Effective 10/16/2015: Guaranteed reservation confirmations can be sent to a cardholder by mail, email or text message

Proper disclosure should be provided at the time of transaction; however it does not guarantee that a transaction will not be disputed.

- E-commerce merchants may provide their disclosure either near the "submit" / "click-to-accept" / "click-to-book" button, or via e-signature on digitally signed documents
- Face to face merchants allow the cardholder to sign or initial near the disclosure if the disclosure is not near the signature panel
- Dispute rights for the Issuer remain in the following situations
  - Cardholder does not receive the merchant's return/cancellation policy or the policy was not properly disclosed to the cardholder

> – Cardholder cancels according to the agreed policy that permits cancellation
- Acquirer may remedy the dispute by proving the cardholder received and acknowledged the cancellation policy that does not permit cancellation

Accept all cancellations that are within the specified timeframes. Provide a cancellation code and advise the cardholder to retain it. In the event the vehicle the cardholder reserved is not available, provide a comparable size vehicle.

Deterring Fraud - Obtain specific information from the cardholder at the time they book; reservation name, name on the credit card, credit card number, expiration date of credit card account and the billing address and phone number of the cardholder. Upon check out obtain a signature of the cardholder and an imprint/magnetic swipe of the card to be used for the rental. Utilization of AVS, CVV2/CVC2 and/or cardholder authentication services such as Verified by Visa and MasterCard Secure Code can assist in reducing the risk of unauthorized transactions; please refer to chapter seven of this guide for further information regarding these programs.

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Visa Reservation Service

Car Rental Companies in the US Region can guarantee specialized vehicles and vehicle availability to customers during peak season by participating in the Visa Reservation Service. The Service guarantees payment to you in the event the cardholder does not pick up the vehicle or fails to cancel their reservation according to specific terms by processing a 'no-show' transaction.

During the reservation process the cardholder's name, account number and expiration date must be obtained. The cardholder must be notified that the reservation is within a Peak Time period or that the rental is for a Specialized Vehicle. The Car Rental Company must advise the cardholder that a 'no-show' fee may be billed if the cardholder has not rented the vehicle by the end of the guarantee period or properly cancelled the reservation.

A reservation confirmation for a Peak Time or Specialized Vehicle reservations must be sent to the cardholder, when the reservation was made at least 72 hours prior to the scheduled rental time, confirming all of the following information:

- Cardholder's name, account number and expiration date
- Name and exact street address of the Car Rental Company
- Confirmation Code

Peak Time

Regular weekends, local festivals or local events are not classified as peak time, however the following are:
- legal holidays and holiday weekends such as Labor Day, Memorial Day, Thanksgiving and Christmas
- Rentals during the year best suited for resort activity, such as winter months in beach or ski areas
- Special events such as the Olympics and Super Bowl were such events draw attendees from outside the local area.

Specialized Vehicle

Unique rental vehicles are classified as specialized vehicles that are not more than five percent of your total rental fleet such as minivans, four-wheel-drive vehicles, selected sports models, luxury or vintage vehicles.

- Rate
- Cardholder obligations
- Cancellation and any other service details

Reservations made within 72 hours of the scheduled rental time do not require a written confirmation to be sent to the cardholder, unless the cardholder requests it to be provided.

All cancellation requests must be accepted if completed within the required time frame. Cancellation of a Peak Time reservation may be requested without penalty up to eight hours before the scheduled rental time. In the event the cardholder is traveling to the car rental location by Airline and the flight is cancelled or the airport is closed, the Peak Time reservation may be cancelled up to one hour before the scheduled rental time. Cancellation of a Specialized Vehicle reservation may be made without penalty anytime up to 72 hours before the scheduled rental time; if the reservation is made within 72 hours, the reservation may be cancelled anytime up to eight hours before the scheduled rental time.

A cancellation code must be supplied to the cardholder and they should be advised to retain the number for their records. If requested, a written confirmation of cancellation must be provided to the cardholder containing the following information:

- Cardholder's name, account number and expiration date
- Cancellation Code
- Cancellation details

The reserved vehicle must be held according to the reservation. If the cardholder has not claimed or properly cancelled the reservation a 'no-show' transaction may be processed. A 'no-show' transaction must not exceed one day's rental for Peak Time Reservations and must not exceed two days' rental for Specialized Vehicle Reservations. The Car Rental Company must obtain an authorization code for the no-show transaction and include the cardholder's name, account number, expiration date and the words 'no-show' written on the signature line of the transaction receipt.

If the vehicle guaranteed is not available the cardholder must be provided the following services at no charge:

Peak Time Reservations
- Transportation to the Cardholder's destination
- Delivery of a comparable vehicle to the Cardholder's destination within 8 hours from the scheduled rental time
- Transportation, vehicle delivery, and one day's car rental

Specialized Vehicle Reservations
- Comparable vehicle at another establishment for the reservation prior
- Transportation to the alternate establishment

Effective date 10/16/2015: Visa now permits no show charges for non-peak season

Defending Chargeback's – Tips to Resolve Disputes

Authorization - Provide the dates of check out and check in on the rental agreement to ensure that **all** authorization approvals received within this timeframe are calculated and included on the agreement or other corresponding documentation.

Fraud - Provide a rental agreement with a signature as well as an imprint/magnetic swipe of the credit card on the date the rental agreement was opened. Additional charges must be processed within 90 days of the vehicle's return with the exception of parking or moving violations, which must be processed within 90 days of the notification received from the civil authorities; therefore supply documentation to support the validity of these additional charges.

Preferred Customer Program enrollment records received face to face or online could assist in resolving disputes. Providing updated cardholder address and phone numbers along with credit card number and updated expiration date, including a signature or click to accept area from the online form reflecting that the cardholder agrees to the benefits and billing associated with the Preferred Customer Program will prompt the dispute to be represented to the issuer. While the information would be considered compelling, it may not remedy the dispute.

> ### *Preferred Customer Program*
>
> *What information should be obtained during the registration process?*
>
> - Cardholder Name, Address and Phone Number
> - Credit Card Number and expiration date that will be utilized for billing
> - Proof Terms and Conditions were accepted by the cardholder
> - Cardholder signature on the same page as terms and conditions, if applicable
>
> **Note:** Cardholder information should be updated periodically to ensure the information is accurate

Cancelled/Returned - If there is no record that a credit is due and a credit slip would have been issued, advise of such in the rebuttal and request a copy of the cardholder's credit slip. The cardholder may provide a cancellation number which may not be valid. Dispute the validity of the cancellation number provided by the cardholder, supply an example of a valid cancellation number that would be issued; how many digits is it and does the digits represent anything. Process any credits due via the same means as the original payment. If a Visa/MasterCard was used, that same card must be credited. Do not give cash as a credit nor credit another credit card account at the Cardholders request.

Cardholder Disputes – The cardholder will contact prior to disputing the transaction with the issuer, therefore be willing to work with the cardholder when they make their initial attempt to resolve directly with you. In the event that a dispute is received, provide a rebuttal addressing all of the cardholders concerns and the steps that you have taken to work with the cardholder to rectify the situation prior to the dispute. Include all documentation to support your rebuttal or to disprove the cardholders claim and advise if the cardholder has purchased or declined insurance.

Chargeback Scenario

Scenario #1

A chargeback has been received for reason code 53 – Not as Described. The cardholder's letter states that they rented a Cadillac but when they arrived to pick up the car it was a Ford. The documentation also insists that the cardholder contacted the merchant to resolve the dispute prior to initiating a chargeback; however; the merchant was of no assistance. What do you need to provide to refute this dispute?

> **Answer:** Provide a written rebuttal and documentation to show the cardholder accepted the change at the time of the rental along with information on the original reservation. Describe what transpired when the cardholder attempted to resolve the dispute after they were billed, including if the cardholder failed to contact you in an attempt to resolve the dispute.

Scenario #2

A chargeback has been received claiming that the transaction processed was fraudulent; Visa chargeback reason code 83, Fraudulent Transaction – Card Absent Environment or MasterCard chargeback reason code 37, No Cardholder Authorization. Upon your review of the transaction it was determined that the sale was the result of a parking ticket received when the cardholder was in possession of the car. How do you prove that this is a valid transaction?

> **Answer:** Provide a written rebuttal and documentation to show the cardholder was still in possession of the vehicle when the parking ticket was issued; include in your reversal request, the rental agreement reflecting the dates that the cardholder had the car in their possession as well as a copy of the parking citation reflecting the date it was written.

Scenario #3

A chargeback has been received claiming that authorization was not granted for the full amount of the transaction; Visa chargeback reason code 72, No Authorization or MasterCard reason code 08, Requested/Required Authorization Not Obtained. The issuer has stated that authorization was granted for $624.55 with a 15% variance for a total authorized amount of $718.23; however, the cardholder was billed $2,130.79. Upon your review of the rental agreement and the list of authorizations it is determined that the issuer failed to consider additional authorizations. What documentation is needed to remedy this dispute?

> **Answer:** A copy of the rental agreement reflecting when the car was picked up and returned along with a list of authorizations including the date and dollar amount of each. As long as each authorization was approved and totals $1,860.00, your dispute is remedied.

Scenario #4

A chargeback has been received for Visa reason code 83, Fraudulent Transaction – Card Absent Environment. A review of the transaction reflected that the customer is part of the Preferred Customer Program. The customer is afforded the option to reserve a vehicle on line and provide a confirmation number with their Preferred Customer Card at the time the vehicle is picked up. They are not required to provide their credit card or sign a rental agreement due to their Preferred Customer status. How do you prove that this is a valid transaction?

> **Answer:** Provide the Preferred Customer Program registration information including proof that the cardholder agreed to be billed on their Visa card for transactions that transpired when using their Preferred Customer Card. While this is not a remedy, the dispute will be represented to the issuer for review.

Airlines

Authorization Processing – The merchant is required to obtain authorization on **all** transaction on the transaction date. Please ensure authorizations are processed properly; including merchant name and proper MCC assignment. This will enable the issuer to make better authorization decisions.

Transaction Processing - Transactions should be processed on the same date as the purchase. Supplying addendum data, such as cardholder name flight itinerary, with the transaction will enable the issuer to better assist their customers on potential inquiries and may prevent unnecessary chargeback's.

Proper Disclosure - The cancellation policy needs to be disclosed to the cardholder at the time of the reservation. A written acknowledgment sent to the customer, signed and returned is recommended or documentation to show a "Click to accept" option on the disclosure page for on line purchases. Accept all cancellations that are within the specified timeframes. Provide a cancellation code and advise the cardholder to retain it.

Proper discloser should be provided at the time of transaction; however it does not guarantee that a transaction will not be disputed.

Deterring Fraud - Mandating or encouraging customer registration to build a comprehensive database of genuine 'positive list' and 'negative list' of customers will assist in decreasing the risk of an unauthorized transaction. The Positive List will incorporate passengers who frequently travel and do not generate fraudulent transactions while the Negative list will contain a list of passengers traveling on fraudulently purchased airline tickets. Limit the timeframe for online purchases from the point of 'booking' to the 'date of travel' to a minimum of 48 hours to provide sufficient time for transaction monitoring (High-Risk travel routes should be extended to 72 hours). Additionally, potential fraudulent activity may be identified by using Address Verification, CVV2/CVC2 services, and/or cardholder authentication services such as Verified by Visa and MasterCard Secure Code; refer to chapter seven of this guide for further information regarding these programs.

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For Airlines with large online ticket volumes implement a real time Fraud Detection System (FDS); this system can detect high-risk transaction using previously identified fraud attributes and flag them for further action by your risk management team. Analyze fraud patterns by isolating high-risk routes, IP addresses, account numbers and time of booking; this information can be manually filtered for incoming transactions allowing stricter controls and limit any reduction in sales volumes for legitimate transactions. Sharing fraud pattern and negative list attributes with other airlines will be beneficial to the industry as a whole as crime syndicates will have greater difficulty attacking other

airlines; please note that card numbers may not be shared and you must follow all Federal or Local laws protecting cardholder information.

Fraud - Obtain specific information from the cardholder at the time of booking; passenger name, name on the credit card, credit card number, expiration date of credit card account and the billing address and phone number of the cardholder. Utilization of AVS, CVV2/CVC2 and/or cardholder authentication services such as Verified by Visa and MasterCard Secure Code can assist is reducing the risk of unauthorized transactions; please refer to chapter seven of this guide for further information regarding these programs.

- Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program

Preferred Customer Program enrollment records enrollment records received face to face or online could assist in resolving disputes. Providing updated cardholder address and phone numbers along with credit card number and updated expiration date, including a signature or click to accept area from the online form reflecting that the cardholder agrees to the benefits and billing associated with the Preferred Customer Program will prompt the dispute to be represented to the issuer. While the information would be considered compelling, it may not remedy the dispute. As well as compelling documentation such as passenger name matching the cardholders and proof that the cardholder took the flight can be utilized to reverse chargeback's to the issuer, however may not completely remedy the dispute.

> **Preferred Customer Program**
>
> **What information should be obtained during the registration process?**
>
> - Cardholder Name, Address and Phone Number
> - Credit Card Number and Expiration date that will be utilized for billing
> - Proof Terms and Conditions were accepted by the cardholder
> - Cardholder signature on the same page as terms and conditions, if applicable
>
> **Note:** Cardholder information should be updated periodically to ensure the information is accurate

Cancelled/Returned - If there is no record that a credit is due and a credit slip would have been issued, advise of such in the rebuttal and request a copy of the cardholder's credit slip. The cardholder may provide a cancellation number which may not be valid. Dispute the validity of the cancellation number provided by the cardholder, supply an example of a valid cancellation number that would be issued; how many digits is it and do the digits represent anything. Process any credits due via the same means as the original payment. If a Visa/MasterCard was used, that same card must be credited. Do not give cash as a credit nor credit another credit card account at the Cardholders request

Cardholder Disputes – The cardholder may contact the merchant prior to disputing a transaction, therefore be willing to work with the cardholder when they make their initial attempt to resolve directly with you. In the event that a dispute is received, provide a rebuttal addressing all of the cardholders concerns and the steps that you have taken to

work with the cardholder to rectify the situation prior to the dispute. Include all documentation to support your rebuttal or to disprove the cardholders claim and advise if the cardholder has purchased or declined insurance.

Chargeback Scenario

Scenario #1

A chargeback has been received for Visa reason code 83 Fraudulent Transaction – Card Not Present Fraud. The cardholder is claiming that the transaction was not authorized by them or any other authorized user on the account. Upon your review of the transaction it is determined that the transaction was a fee for extra baggage. Can this dispute be remedied?

> **Answer:** If AVS was utilized and a response of U was obtained; reason code 83 is invalid for properly identified Ancillary   charges in the U.S. Region
>
> Otherwise: Supplying a written rebuttal addressing the transaction and all documentation showing that the cardholder took the flight and agreed to an extra baggage charge will be proper for the dispute to be represented, however this does not guarantee that the dispute will not be received a second time.

Scenario #2

A chargeback had been received for services not rendered; Visa reason code 30, Services Not Provided or Merchandise Not Received or MasterCard reason code 55, Goods or Services Not Provided. The cardholder is claiming that they were to fly from point A to point B with a connecting flight. When the plane landed for the connection flight the plane going to the final destination was not going to travel due to weather and the next flight would be for following day. The cardholder states that this was unacceptable and returned to point A.   Upon your review of the transaction it is determined that a credit was issued to the cardholder's credit card for the amount of the flight from the connection point to the final destination. Can this dispute be remedied?

> **Answer:** Yes. Supply a written rebuttal addressing the fact that credit issued.
>
> **Note:** If credit was not issued, DO NOT issuer credit, acceptance of the chargeback processes credit to the cardholders account.

Scenario #3

A chargeback has been received for MasterCard reason code 37, No Cardholder Authorization. The cardholder is claiming the transaction was the result of fraudulent use of their credit card. Upon your review of the transaction it was determined that MasterCard Secure Code was utilized and full authorization was obtained. Can this dispute be remedied?

> **Answer:** Yes. Receiving full authentication through the MasterCard Secure Code program supports the fact that the cardholder participated in the transaction, therefore a chargeback for reason code 37 would be invalid.

Scenario #4

A chargeback has been received for MasterCard reason code 37, No Cardholder Authorization. The cardholder is claiming the transaction was not made or authorized by them. Upon your review of the transaction it was determined that the cardholder's name is the same as the passenger on the flight. It was also determined that the passenger did board the plane and complete both legs of the trip. Can this dispute be remedied?

> **Answer:** Documentation to show that the cardholder was the passenger and the flight was taken is compelling evidence to show that the cardholder has participated in the transaction and received the services. While this is not a remedy the chargeback can be represented to the issuer for further clarification with the cardholder.
> **Note:** If this is a 2nd chargeback and an updated cardholder letter has been received there is no further recourse.

Scenario #5

A chargeback has been received for Visa reason code 83, Fraudulent Transaction – Card Not Present Fraud. The cardholder is claiming the transaction was not made or authorized by them. Upon your review of the transaction it was determined that the cardholder utilized their frequent flyer points to purchase the airline ticket. Can this dispute be remedied?

> **Answer:** Supplying documentation to show frequent flyer information that was used to purchase the airline ticket can be utilized to represent the chargeback to the issuer. While this is not a remedy the issuer can further clarify with their cardholder regarding the validity of the transaction.
> **Note:** The representment utilizing compelling evidence is not a remedy therefore this dispute may be received a second time.

Cruise Lines

Preventive Measures – Tips to Avoid Unnecessary Chargeback's

Authorization Processing – The merchant is required to obtain authorization on **all** transactions, therefore ensuring the proper amount of authorization has been received between embark and disembark dates is crucial. Keep a record of all authorization amounts and codes associated with that credit card. In the event a 'decline', 'pick up' or other non approved response is received request a different form of payment.   Please ensure authorizations are processed properly; including recognizable merchant name, proper MCC assignment and corresponding indicators (e.g. mail, phone, ecommerce, installment, recurring billing). This will enable the issuer to make better authorization decisions.

Transaction Processing – The transaction date for the purchase of a cruise is the date cardholder books their reservation, however the transaction date of onboard purchases is either the date of the purchase or the disembark date; depending on how you bill the cardholder for onboard expenses. Purchases made on board should contain the cardholder's signature. Transactions processed as a result of a loss, theft or damage are not valid and should not be completed. Please ensure transactions are processed properly; including recognizable merchant name, proper MCC assignment and corresponding indicators (e.g. mail, phone, ecommerce, installment, recurring billing). This will enable issuers to better assist their customers on potential inquirer and may prevent unnecessary chargeback.

Proper Disclosure – Policies for returns and cancellations including what type of documentation is required to board needs to be disclosed to the cardholder to ensure that they are fully aware of all policies. A written acknowledgment sent to the customer, signed and returned is recommended or documentation to show a "Click to accept" option on the disclosure page for on line purchases. Ensure the cardholder is aware of the following; dates of cruise, cancellation procedures, rates, location, and the documentation the passengers must supply to board, if any. In the event the cardholder does cancel, instruct them to retain the cancellation number that is being provided as proof the reservation has been cancelled.

Proper discloser should be provided at the time of transaction; however it does not guarantee that a transaction will not be disputed.

Deterring Fraud - Obtain specific information from the cardholder at the time they book; reservation name, name on the credit card, credit card number, expiration date of credit card account and the billing address and phone number of the cardholder. Upon guest registration at time of boarding obtain a signature of the cardholder and an imprint/magnetic swipe of the card to be used for onboard purchases on a registration card including the cabin number(s). Utilization of AVS, CVV2/CVC2 and/or cardholder authentication services such as Verified by Visa and MasterCard Secure Code can assist is reducing the risk of unauthorized transactions; please refer to chapter seven of this guide for further information regarding these programs.

- **Effective October 1, 2015** MasterCard CVC2 Validation Program will become a U.S. domestic only program

Defending Chargeback's – Tips to Resolve Disputes

Authorization Issues – Provide the dates of embark and disembark on a folio or registration card to ensure that all authorization approvals received within this timeframe are calculated.

Fraud - Provide a folio or registration card with a signature as well as an imprint/magnetic swipe of the credit card on the embark date. Additional charges must be processed within 90 days of the disembarkment date; therefore supply documentation to support the validity of these additional charges.

Cancelled/Returned – If there is no record that a credit is due and a credit slip would have been issued, advise of such in the rebuttal and request a copy of the cardholder's credit slip. The cardholder may provide a cancellation number which may not be valid. Dispute the validity of the cancellation number provided by the cardholder, supply an example of a valid cancellation number that would be issued; how many digits is it and do the digits represent anything. If a credit was issued to the on board account, supply an itemization of the on board account and point out the credit that applies to the dispute.

Cardholder Disputes – The cardholder may contact the merchant prior to disputing a transaction, therefore be willing to work with the cardholder when they make their initial attempt to resolve directly with you. In the event that a dispute is received, provide a rebuttal addressing all of the cardholders concerns and the steps that you have taken to work with the cardholder to rectify the situation prior to the dispute. Include all documentation to support your rebuttal or to disprove the cardholders claim and advise if the cardholder has purchased or declined trip insurance.

Chargeback Scenario

Scenario #1

A chargeback has been received for Visa reason code 83 Fraudulent Transaction Card Not Present Fraud. The cardholder is claiming that the transaction was not authorized by them or any other authorized user on the account. Upon your review of the transaction it is determined Verified by Visa was attempted. Can this dispute be remedied?

> **Answer:** Yes. Visa has requested that all issuers participate in the Verified by Visa Service. An attempted VbV response indicates that the issuer does not support Verified by Visa, therefore the issuer will be held liable for the disputed transaction. Please supply a rebuttal address that you are Verified by Visa qualified and the transaction was authenticated. Include a copy of the VbV response received during the transaction.

Scenario #2

A chargeback has been received for Credit Not Processed; Visa reason code 85 or MasterCard reason code 60, reflecting the cardholder was not issued credit for a cancelled excursion. Upon your review the credit was applied to the cardholder's onboard expense account. What documentation is needed to request a reversal of the chargeback?

> **Answer:** Supplying a written rebuttal addressing that the credit was issued to the cardholder's onboard expense account and provide the itemized break down of the expense account reflecting where the credit was applied.

Scenario #3

A chargeback has been received for Non Receipt of Services/Merchandise; Visa reason code 30, Services Not Provided or Merchandise Not Received or MasterCard reason code 55, Goods or Services Not Provided. The cardholder's dispute letter states that they were to receive a package shipped to their home from an onboard purchase; however, it was not received. Upon further investigation you determine that the purchase was for jewelry that the cardholder took with them and it was not to be shipped to their home. Can this dispute be reversed?

> **Answer:** Yes. Supply a written rebuttal addressing that the cardholder took the jewelry with them at the time of the transaction. Include a copy of the signed invoice/transaction receipt to support that there were no shipping instructions given by the cardholder.

Scenario #4

A chargeback has been received for Defective/Not As Described; MasterCard reason code 53. The cardholder's dispute letter states that they were to dock in two specific ports during their cruise, however the itinerary was changed and they never made it to those ports of call. A rebuttal is supplied from you stating that the weather during the cruise did not permit the original itinerary, however two other ports of call were made on the return trip. Can this dispute be reversed?

> **Answer:** Yes. Include in your rebuttal that the cardholder remained for the entire cruise. Additionally supply documentation to show that the cardholder was aware and accepted the fact that due to weather a change in the ports of call could occur at the time of reservation.

Lodging

Preventive Measures – Tips to Avoid Unnecessary Chargeback's

Authorization Processing – The merchant is required to obtain authorization on **all** transactions. Multiple authorizations may be obtained between the check in date and the checkout date ensuring the amount of authorization is within 15% of the actual transaction amount. If the actual transaction amount is more than the total authorization, an additional authorization is required for the difference. When a decline, pick up, or other non approved authorization response is received request a different form of payment. Please ensure authorizations are processed properly; including merchant name and proper MCC assignment. This will enable the issuer to make better authorization decisions.

Transaction Processing - The transaction date is the checkout date on the folio. When the guest checks in, obtain signature and an imprint or magnetic swipe of the credit card. Additional charges must be processed within 90 days of the checkout date.

Lodging merchants are permitted to accept Guaranteed Reservations. A guaranteed reservation will reflect the following information: reservation name, cardholder name, address, phone number, account number, expiration date of the credit card and authorization code. The room must be available on date of reservation until check-out time the next day. If room is unavailable the hotel must provide the following to the cardholder: comparable accommodations for one night at another hotel, transportation to the other hotel and a three minute telephone call to wherever cardholder needs to inform others of change in accommodations. A guarantee reservation becomes a "No Show" when the customer who has a guaranteed reservation does not cancel it before the hotel's cancellation deadline, and never arrives to claim the reservation. The merchant must hold the room for the allotted time, obtain authorization, and process the transaction with the words "No Show" on the signature line.

Transactions processed as a result of a loss, theft or damage are not valid and should not be completed. Supplying addendum data, such as cardholder name and address, with the transaction will enable the issuer to better assist their customers on potential inquiries and may prevent unnecessary chargeback's.

Proper Disclosure - The cancellation policy needs to be disclosed to the cardholder at the time of the reservation. A written acknowledgment sent to the customer, signed and returned is recommended or documentation to show a "Click to accept" option

Proper discloser should be provided at the time of transaction; however it does not guarantee that a transaction will not be disputed.

on the disclosure page for online purchases. Accept all cancellations that are within the specified timeframes. Provide a cancellation code and advise the cardholder to retain it.

Deterring Fraud - Obtain specific information from the cardholder at the time they book; reservation name, name on the credit card, credit card number, expiration date of credit card account and the billing address and phone number of the cardholder. Upon

check in obtain a signature of the cardholder and an imprint/magnetic swipe of the card to be used for the reservation. Utilization of AVS, CVV2/CVC2 and/or cardholder authentication services such as Verified by Visa and MasterCard Secure Code can assist in reducing the risk of unauthorized transactions completed on the phone or through an online website; please refer to chapter seven of this guide for further information regarding these programs.

- Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program

Visa Reservation Service

The Visa Reservation Service is designed to assure room availability to your guests and if the cardholder fails to claim or cancel the reservation the service assures payment to you. Lodging merchants must participate in the Visa Reservation Service if it accepts Visa Cards to guarantee hotel accommodations.

At the time of the reservation ensure you obtain the following: cardholder's name, account number and expiration date. Quote the rate of the reserved accommodation and the exact name and physical address of the establishment. The cardholder must be informed that one night's lodging will be billed if they do not register by check-out time the following day or do not properly cancel the reservation.

> ### No Show Transaction
>
> #### What constitutes a valid "No-Show"?
>
> - A proper guaranteed reservation was accepted by the merchant
> - Cardholder did not check-in or cancel their guaranteed reservation according to the specified time
> - Merchant held the room until check-out the next day
> - One night's lodging plus tax is billed to the cardholder
> - An authorization code was received
> - The words "No-Show" are on the signature line of the transaction receipt

A confirmation code must be provided to the cardholder and they should be advised to retain the number for their records. All of this information can be provided verbally, however if the cardholder requests a written confirmation, one must be supplied with the following information:

- Cardholder name provided by the cardholder, account number and expiration date
- Confirmation Code
- Name and exact physical address of the establishment
- Cardholder's obligations
    – Register by check-out time the following day, **or**
    – Cancel the reservation
- Rate
- Any other reservation details

The Visa Reservation Services allows the cardholder the right to cancel a guaranteed reservation. The merchant must accept all cancellations prior to the specified time. A cancellation time period must **not** exceed 72 hours prior to the scheduled arrival date. In the event the cardholder makes a reservation within 72 hours of the date of arrival the

cancellation deadline must be no earlier than 6 p.m. on the date of arrival. If the merchant requires that the cardholder cancel prior to 6 p.m.; the cancellation policy, including the date and time that the cancellation privileges expire must be mailed to the cardholder.

A cancellation number must be provided to the cardholder when the reservation is properly cancelled and advise the cardholder to retain it in case of dispute. A confirmation of cancellation must be mailed to the cardholder, if requested. The confirmation must include the following:
- Cardholder name provided by the cardholder, account number and expiration date
- Cancellation Code
- Details related to the cancelled reservation

The room must be held until the check-out time the following day, however if the cardholder did not claim or properly cancel their reservation a transaction in the amount of one nights lodging may be charged. The "No Show" transaction must receive an authorization code and include the following:
- Amount of one night's lodging plus applicable tax
- Cardholder name provided by the cardholder, account number and expiration date
- The words "No-Show" on the signature line of the transaction receipt

If the accommodations guaranteed by the Visa Reservation Service are unavailable, the merchant must provide the cardholder with the following at no charge:
- Comparable accommodations for one night at another establishment
- If requested a three minute telephone call and message forwarding to the alternate location
- Transportation to the alternate establishment

MasterCard Guaranteed Reservation Service

Lodging merchant's participating in the MasterCard Guaranteed Reservation Service is obligated to have a room available when the cardholder arrives, until check-out the next day. The cardholder's name, address, account number and expiration date must be obtained at the time of the reservation. The merchant must quote the rate of the reserved accommodation and location of the establishment. The cardholder must be informed that one night's lodging will be billed if the cardholder does not register by check-out time the following day or does not properly cancel the reservation.

A confirmation code must be

No Show Transaction

What constitutes a valid "No-Show"?

- A proper guaranteed reservation was accepted by the merchant
- Cardholder did not cancel their guaranteed reservation prior to 6p.m. on the date of arrival
- Merchant held the room until check-out the next day
- One night's lodging plus tax is billed to the cardholder
- An authorization code was received
- The words "guaranteed reservation/no-show" are on the signature line of the transaction receipt

provided to the cardholder and advised to retain it. MasterCard recommends the guaranteed reservation be confirmed in writing, advising the cardholder of his or her confirmation number and cancellation procedures.

The cardholder reserves the right to cancel a guaranteed reservation prior to 6 p.m. on the date of arrival. The merchant must accept all cancellations requested by the cardholder prior to the cancellation deadline, issue the cardholder a cancellation number and advise the cardholder to retain the number for their records. MasterCard recommends the merchant confirm the cancellation in writing, advising the cardholder of the cancellation number.

A transaction in the amount of one nights lodging may be charged to the cardholder if they did not claim or properly cancel their reservation. The room must be held until the check-out time the following day. The "No Show" transaction must receive an authorization code and include the following:
- Amount of one night's lodging plus applicable tax
- Cardholder name, account number, expiration date, date of no show, assigned room number
- The words "guaranteed reservation/no-show" on the signature line

If the accommodations guaranteed by the MasterCard Guaranteed Reservation Service are unavailable, the merchant must provide the cardholder with the following at no charge:
- Comparable accommodations for one night at another establishment
- A three minute domestic or international call advising of the change of location
- Transportation to the alternate establishment

Defending Chargeback's – Tips to Resolve Disputes

Authorization - Provide the dates of check in and check out on a folio or registration card to ensure that all authorizations granted within this timeframe are calculated.

Fraud - Provide a folio or registration card with a signature as well as an imprint/magnetic swipe of the credit card on the check in date. Additional charges must be processed within 90 days of the checkout date; therefore supply documentation to support the validity of these additional charges.

Preferred Customer Program enrollment records received face to face or online could assist in resolving disputes. Providing updated

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Preferred Customer Program

What information should be obtained during the registration process?

- Cardholder Name, Address and Phone Number
- Credit Card Number and expiration date that will be utilized for billing
- Proof Terms and Conditions were accepted by the cardholder
- Cardholder signature on the same page as terms and conditions, if applicable

Note: Cardholder information should be updated periodically to ensure the information is accurate

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cardholder address and phone numbers along with credit card number and updated expiration date, including a signature or click to accept area from the online form reflecting that the cardholder agrees to the benefits and billing associated with the Preferred Customer Program will prompt the dispute to be represented to the issuer. While the information would be considered compelling, it may not remedy the dispute.

Cancelled/Returned - If there is no record that a credit is due and a credit slip would have been issued, advise of such in the rebuttal and request a copy of the cardholder's credit slip. The cardholder may provide a cancellation number which may not be valid. Dispute the validity of the cancellation number provided by the cardholder, supply an example of a valid cancellation number that would be issued; how many digits is it and does the digits represent anything. Process any credits due via the same means as the original payment. If a Visa/MasterCard was used, that same card must be credited. Do not give cash as a credit nor credit another credit card account at the Cardholders request.

Cardholder Disputes – The cardholder may make contact with the merchant prior to disputing a transaction, therefore be willing to work with the cardholder when they make their initial attempt to resolve directly with you. In the event that a dispute is received, provide a rebuttal addressing all of the cardholders concerns and the steps that you have taken to work with the cardholder to rectify the situation prior to the dispute. Include all documentation to support your rebuttal or to disprove the cardholders claim.

Chargeback Scenario

Scenario #1

A chargeback was received for Visa Reason Code 83, Fraudulent Transaction – Card Absent Environment. The cardholder is claiming that the transaction was not authorized by anyone permitted to use the credit card. You have supplied a copy of the reservation information, which was completed online, reflecting the following: reservation name, cardholder name, address, phone number, account number, expiration date of the credit card, authorization code and an Address Verification response of U. Is this chargeback remedied?

> **Answer:** Yes. Visa has requested that all issuers, except for those in the International Regions participate in the Address Verification Service. An AVS response of U is reflecting that the issuer does not support address verification, therefore the issuer will be held liable for the disputed transaction.

Scenario #2

A chargeback has been received claiming that authorization was not granted for the full amount of the transaction; Visa chargeback reason code 72, No Authorization or MasterCard reason code 08, Requested/Required Authorization Not Obtained. Upon your review of the folio and the list of authorizations it is determined that the issuer failed to consider additional authorization. What documentation is needed to remedy this dispute?

Answer: A copy of the folio reflecting the check in and checkout dates along with a list of authorizations including the date and dollar amount of each. As long as each authorization was approved and is within 15% of the total transaction amount, your dispute is remedied.

Scenario #3

A chargeback has been received for MasterCard reason code 59 No-Show, Addendum, or ATM Dispute, merchant billed cardholder for No Show transaction and cardholder claims they cancelled and provides the cancellation number. Upon your review of the cancellation number provided by the cardholder it is determined that the code is not valid for your establishment. The cancellation numbers granted by you include the original reservation number and this code does not follow the same pattern. What documentation is needed to remedy this dispute?

Answer: A rebuttal addressing the validity of the cancellation code. While this is not a remedy, the issuer will need to review the document with the cardholder and obtain an additional rebuttal to continue the dispute.

Scenario #4

A chargeback was received for MasterCard Reason Code 37, No Cardholder Authorization. Cardholder claims that they were billed for a stay at your establishment that was supposed to be paid by their employer. They agree that they originally provided their card number to reserve the room. However, the final bill was to be paid by the employer on a Corporate Credit Card that was utilized to pay for a block of rooms that was provided to you at check out. Upon your review it was found that the Corporate Card as well as the guest's card was billed for the same room. What needs to be done to rectify the situation?

Answer: Accept the dispute. Do not issue credit, the issuer has already provided a credit to cardholder when the dispute was initiated.

Effective Date 10/16/2015
Visa has opened the Guarantee Reservation Service to additional rental merchants that includes bicycle, boat or campground rental. Merchants that rent equipment may also qualify to charge a no-show fee if they follow the guaranteed reservation rules.

Proper Disclosure

- Guaranteed reservation confirmations can be sent to a cardholder by mail, email or text message
- E-commerce merchants may provide their disclosure either near the "submit" / "click-to-accept" / "click-to-book" button, or via e-signature on digitally signed documents
- Face to face merchants allow the cardholder to sign or initial near the disclosure if the disclosure is not near the signature panel
- Dispute rights for the Issuer remain in the following situations
  - Cardholder does not receive the merchant's return/cancellation policy or the policy was not properly disclosed to the cardholder
  - Cardholder cancels according to the agreed policy that permits cancellation
- Acquirer may remedy the dispute by proving the cardholder received and acknowledged the cancellation policy that does not permit cancellation

Damages

- Visa will allow merchants to charge for damages as long as the cardholder has consented to pay for the damages using his card **after** the damages occurred
- The merchant cannot contractually obligate the cardholder to pay for damages with their Visa card prior to the damages occurring or request to retain a deposit for potential damages

Dispute Type	Scenario	Dispute Rights
No-Show	Cardholder cancels a guaranteed reservation for a bicycle rental, according to the merchant's properly disclosed cancellation policy, and is billed a no-show.	Issuer has dispute rights under Reason Code 85.
No-show billed for more than one night	Cardholder is billed a no-show for three nights for a guaranteed hotel reservation, which the cardholder failed to cancel within the merchant's properly disclosed cancellation policy.	Issuer may process compliance for guaranteed reservation for two nights, as the merchant is only allowed to charge for one day's rental.
No-show for equipment rental	Cardholder is billed for a guaranteed equipment rental and arrives to find the equipment is not available.	Issuer may process a chargeback for Reason Code 30 – Services Not Provided or Merchandise Not Received, or, if provided a credit receipt or acknowledgment that is not process, pursue its dispute for Reason Code 85.

Petroleum (Automated Fuel Dispenser - AFD)

Preventive Measures – Tips to Avoid Unnecessary Chargeback's

Authorization Processing – Merchants are required to obtain an authorization on **all** transactions. Merchants processing AFD transactions are permitted to complete an authorization status check to ensure the credit card is valid prior to dispensing fuel. The $1.00 authorization status check will protect transactions up to the maximum threshold amount established by the Payment Card Companies. Transactions that do exceed the maximum threshold amount require full authorization to be obtained. In the event that an authorization approval is granted for an amount other than the $1.00 authorization status check (e.g. Partial Authorization) the maximum threshold amount will not apply. The amount of authorization is limited to the amount returned by the issuer. Ensuring authorizations are processed with the applicable MCC assignments provides the issuer with the tools to understand the type of authorization that was processed.

Visa Maximum Threshold Amounts	
$150.00	Fleet Cards
$75.00	All other Cards
$100.00	All other Cards
Visa International Maximum Threshold Amount	
$75.00	All Cards
MasterCard Maximum Threshold Amounts	
$150.00	Executive Corp Card, Corporate Card & Purchasing Card
$100.00	All other Cards
$1.00 status check authorization will cover a transaction up to the above amounts.	

Transaction Processing – Transactions are to be processed on the date that the fuel was pumped. Shutting off the pump at or below the maximum threshold amount will ensure the transaction is properly processed.

Deterring Fraud – Ensure the pumps can read the full magnetic stripe data from the card. Prompt the cardholder to enter the zip code and only turn pump on when positive response is received. Implementing velocity parameters may also allow you to recognize potential risk.

Defending Chargeback's – Tips to Resolve Disputes

Authorization Issues - Supply documentation that reflects a valid authorization was received when the magnetic stripe on the card was read and the transaction has not exceeded the partial authorization amount or maximum threshold amount as applicable.

Fraud – Supplying documentation to show that the card was present at the time of the transaction and that a valid authorization approval code was obtained will assist in confirming if the transaction was processed with a counterfeit card.
Note: Implementing 'velocity-check' program monitoring the volume and frequency of transactions will assist in recognizing potential risk.

Processing Errors – If there is record that multiple transactions did occur or the transaction was processed properly, supply documentation to support along with your rebuttal.

Chargeback Scenario
Scenario #1
A chargeback has been received for Visa reason code 81, Fraudulent Transaction – Card-Present Environment. The cardholder states the transaction was not authorized by them or any other authorized user and the issuer reported the card stolen on the Visa Fraud Report. Is there a remedy for this chargeback?

> **Answer:** No, AFD transactions are not protected against fraud disputes when the card was reported lost/stolen on the date of the alleged use.

Scenario #2
A chargeback has been received for MasterCard reason code 08, Requested/Required Authorization Not Obtained. A transaction in the amount of $95.00 is in dispute. Upon review it is determined that a $1.00 authorization status check was completed and the credit card used was a MasterCard Consumer Card. Is this chargeback remedied?

> **Answer:** Yes. The $1.00 authorization status check is a valid authorization for a transaction amount up to $100.00 (non Executive Corp, Corporate & Purchasing Card).

Scenario #3
A chargeback has been received for Visa reason code 72, No Authorization. A transaction in the amount of $80.00 is in dispute. Upon review it is determined that a $1.00 authorization status check was completed and the credit card used was a Visa Consumer Card. Is this chargeback remedied?

> **Answer:** The responsibility of the dispute would be split. The $1.00 authorization status check protected the transaction up to $75.00 (non-Fleet). Therefore the merchant is liable for $5.00 of the total transaction amount. The responsibility of the dispute would be the Issuer.

Visa/MasterCard Programs & Services

Chapter

7

Visa and MasterCard support specific merchant programs that provide eligible merchants with processing benefits, which includes select chargeback protection

Visa

- Visa Easy Payment Service (VEPS)
- PayWave
- Verified by Visa
- CVV2 Validation Program

MasterCard

- PayPass
- Quick Payment Service (QPS)
- SecureCode
- CVC2 Validation Program
- Digital Secure Remote Payment

Each program has its own eligibility, processing requirements, criteria, and benefits. Please contact your Account or Sales Manager for additional information on participation.

PayPass-United States & LAC (Puerto Rico Only)

PayPass allows merchants the opportunity to accept MasterCard payments for transactions without obtaining a magnetic swipe reading of the card or signature from the cardholder for transactions in the amount of $50.00 and under in the US Region and $25 and under in LAC (Puerto Rico Only).

Merchants located in the United States or Puerto Rico who elect to support contactless as a form of payment are offered chargeback protection for chargeback reason codes 02 and 37 when the transaction meets the following criteria.

Notes:
- Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria
- You are not obligated to provide a receipt unless the cardholder is requesting a copy

Reason Code	Contactless	Full Authorization	US Region Transaction amount equal to or less than	LAC (Puerto Rico Only) Transaction amount equal to or less than
02	X		$50	$25
37	X	X	$50	$25

MCC	Contactless	$50 U.S. and under
Any	X	X
4111*	X	X
4131*	X	X
4784	X	X

*=Post Authorized Aggregated PayPass

 PayPass Canada

PayPass allows merchants the opportunity to accept MasterCard payments for transactions without obtaining a magnetic swipe reading of the card or signature from the cardholder for transactions under a specific dollar amount depending on the merchant category code.

Merchants located in Canada who elect to support contactless as a form of payment are offered chargeback protection for chargeback reason codes 02 and 37 when the transaction meets the following criteria.

Notes:
- Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria
- You are not obligated to provide a receipt unless the cardholder is requesting a copy

MCC	Contactless	$100 Canadian and under
Any	X	X

Quick Payment Service (QPS)

MasterCard implemented the Quick Payment Service program to offer consumers a less complicated, more efficient way to complete certain types of transactions. The merchant is offered benefits by participating in this program.

The Quick Payment Service program offers chargeback protection for dispute reason codes 02 and 37 when the transaction met criteria for QPS at the time of settlement for the following qualifications:

Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

U.S. Merchants

MCC	Merchant Description	Magnetic Swiped or Contactless	Received Full Authorization	Transaction Amount equal to or less than
All Applicable	All Applicable	X	X	$50

U.S. Excluded Merchant MCC's

4813	4829	5542	5960	5962
5964	5965	5966	5967	5968
5969	6010	6011	6050	6051
6529	6530	6532	6533	6534
6536	6537	6538	6540	7511
7995	9405			

LAC Merchants

MCC	Merchant Description	Magnetic Swiped or Contactless	Received Full Authorization	
4111	Transportation – Suburban and Local Commuter Passenger, including Ferries	X	X	Transaction Amount is contingent on individual Country Location
4121	Limousines/Taxicabs	X	X	
5411	Grocery/Supermarket	X	X	
5499	Misc Food Stores	X	X	
5541	Service Stations	X	X	
5735	Record Shop	X	X	
5814	Fast Food	X	X	
5912	Restaurants	X	X	
5942	Book Stores	X	X	
5994	News Dealers/Stands	X	X	
7216	Dry Cleaners	X	X	
7523	Parking Lots/Garage	X	X	
7832	Motion Picture Theatre	X	X	
7841	Video Tape Rental	X	X	

Effective Date: 10/16/2015

MasterCard has revised standards for Contactless and Quick Payment Service Transactions in International Regions

- Regions impacted are
– Sweden
– Bosnia
– Herzegovina
– Montenegro
– Republic of Serbia
– Ireland
– Zimbabwe
– Kazakhstan
– Malaysia

MasterCard *SecureCode*

SecureCode is a real-time online payment authentication environment that validates the customer is the owner of the account presented for payment. When the cardholder is completing an on-line transaction and the merchant participates in SecureCode; authentication is made to ensure the customer is the authorized cardholder for the designated card. This process takes place prior to the authorization request. When the merchant participates in SecureCode they have the ability to transport various types of cardholder authentication data to the issuer which can be validated and authorized with a defined response.

Ecommerce merchants who participate in the MasterCard SecureCode program are offered chargeback protection for dispute reason codes 37, 49* and 63 when the transaction meets the following criteria.

Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

• ecommerce transaction • Authorization was obtained for the amount of the transaction AND			
Note: Commercial cards are excluded from Chargeback protection for MC SecureCode except for Interregional transactions and domestic transactions in the LAC region.	Full Authentication Received	Authentication Attempted	Issuer Risk Based Decisioning
Merchant located in the US/Issuer located in the US	X	X	X
Merchant located in the US/Issuer NOT located in the US	X	X	X
Merchant located in Canada/Issuer located in Canada	X	X	X
Merchant located in Canada/Issuer NOT located in Canada	X	X	X
Merchant located in LAC/Issuer located in LAC	X	X	X
Merchant located in LAC/Issuer NOT located in LAC	X	X	X

Full Authentication is received when a merchant attempts to obtain a valid SecureCode response and the issuer returns a positive reply. When the merchant attempts to obtain a valid Secure Code response and the issuer and or cardholder do not participate in SecureCode the Authentication is considered an "attempt" only.

*Chargeback protection only on fully authenticated SecureCode transaction for reason code 49.

CVC2 Validation Program-U.S. Based Merchant

The CVC2 Validation program eliminates the need for merchants in a face-to-face environment to obtain an imprint if the card is not able to be magnetically swiped. Merchants that participate will collect and key the 3-digit CVC2 value at the point-of-sale and review the result code. If a fully matched result code of an "M" is received it is considered an applicable replacement to an imprint.

The full match result code of an "M" is considered an imprint for purposes of responding to a chargeback reason code 37. Once a copy of the transaction receipt has been received by First Data and validation of all other transaction conditions (i.e., authorization for the full amount of the transaction, cardholder signature, and fully matched result code was obtained) occurred, the chargeback may be represented to the issuer.

Program Qualifications:

- Merchant located in the U.S.
- Card Present with magnetic stripe failure only
- Transaction was key-entered
- CVC2 was included in the authorization request with a value of "M"
- Authorization Approval
- Participating merchants would simply provide a response to the retrieval request or chargeback with the signed, authorized sales draft and, indicate the CVC2 matched to remedy the dispute

On April 20, 2013 U.S. merchants are no longer required to register with MasterCard in order to participate in the CVC 2 Validation program. Merchants may include Card Validation Code 2 (CVC2) in the authorization request for U.S. Region key-entered transactions when an electronic imprint of the card is not able to be obtained. Merchants who participate will receive fraud chargeback protection for the transactions that receive an authorization approval.

The following MCC codes may not participate in the CVC 2 in Lieu of Imprint to support card presence. Merchants processing under these MCC codes must provide an imprinted and signed receipt to remedy reason code 37 disputes:

4829	6010	6050	6051	6540	7995	9405
9754	7801	7802				

Effective October 1, 2015 MasterCard CVC2 Validation Program will become a U.S. domestic only program

Note: Merchants participating in this program must understand that CVC2 must only be used for authorization and must never be recorded or stored by a merchant or by the merchant's POS system.

Commercial Payment Account Product

MasterCard Commercial Payments Account product provides differentiated chargeback rules to more effectively compete in the business-to-business payments market.

The follow chargeback reason codes are invalid for MasterCard Commercial Payments Account; 02, 07, 12, 37, 40, 41, 42, 49, 50, 53, 54, 55, 59, 60, 63, 70 and 71.

Digital Secure Remote Payment

Digital Secure Remote Payments receiving full authentication will receive chargeback protection for the following reason codes:
- 37 – No Cardholder Authorization
- 49 – Questionable Merchant Activity
- 63 - Cardholder Does not Recognize – Potential Fraud
- 70 – Chip Liability Shift
- 71 – Chip/PIN Liability Shift

For RC 37, evidence that the cardholder participated in the initial Digital Secure Remote Payment transaction can be represented if the dispute involves a transaction representing the partial shipment of goods subsequent to a Digital Secure Remote Payment transaction
- The representment documentation should include all of the following:
    - The initial transaction was a Digital Secure Remote Payment Transaction or was Secure Code-initiated
    - Description of the goods or services purchased in the initial transaction
    - Date and authorization approval code for the initial transaction **AND**
    - The initial transaction was not disputed

VISA® *Easy Payment Service – U.S., International, & LAC*

The Visa Easy Payment Service program allows most merchants the opportunity to accept Visa payments for transactions without obtaining a signature from the cardholder or providing a transaction receipt, unless requested, for transactions in the amount of $25 and under.

The Visa Easy Payment Service program offers chargeback protection for dispute reason codes 75, 81.

Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

- Transaction must be face-to-face Card-Present
- Magnetic Swiped or Contactless
- Full Authorization
- Amount is $25.00 or less
- Amount is $50 or less for MCC 5310 & 5411 (U.S. only)
- Visa USA Domestic, International or LAC
- Must **NOT** be one of the below MCC's:

Excluded   **MCC's:**

4829	5542	5960	5962	5964	5965	5966
5967	5968	5969	6010	6011	6012	7995
9405	9700	9701	9702	9950		

VISA®Easy Payment Service – Canada Region

The Visa Easy Payment Service program allows most merchants the opportunity to accept Visa payments for transactions without obtaining a signature from the cardholder or providing a transaction receipt, unless requested, for transactions in the amount of $25 and under.

The Visa Easy Payment Service program offers chargeback protection for dispute reason codes 60, 75, 81.

Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

- Transaction must be face-to-face Card-Present
- Must be Visa Canada Domestic
- Magnetic Swiped or Contactless
- Full Authorization
- Amount is $25.00 Canadian or less (Swiped)
- Amount is $50.00 Canadian or less (Contactless)
- Visa USA Domestic, International or LAC
- Must **NOT** be one of the below MCC's:

Excluded MCC's:

4829	5542	5960	5962	5964	5965	5966
5967	5968	5969	6010	6011	6012	7995
9405	9700	9701	9702	9950		

VISA *PayWave*

PayWave offers protection to the merchant for small ticket transaction amounts in order to allow the convenience of requiring only a swipe or 'wave' of the card or contactless device.

Visa transactions that qualify at the time of settlement under one of the applicable custom payment service (CPS) interchange programs listed below are protected from chargeback reason code 81 as long as the additional transaction qualifications are met.

Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

- CPS/Retail Credit/Debit, CPS Retail 2, CPS/Supermarket Credit/Debit, CPS/Restaurant, CPS/Retail Service Station, CPS/Small Ticket
- Magnetic Swiped or Contactless
- Terminal must be Contactless Capable with a Terminal Capability Indicator of "8"
- Transaction amount $24.99 and under

Canada Region PayWave transactions:
- Transaction amount CAD $100 for all Canada acquired transactions in all merchant category codes that support Visa PayWave. This change will align the transaction limit for all MCCs with that of the AFD merchant category.

VISA® *Verified by Visa*

Verified by Visa is a real-time online payment authentication system that validates the customer is the owner of the account presented for payment. When the cardholder is completing an on-line transaction and the merchant participates in Verify by Visa the cardholder is prompted to enter a password that they created when they registered with their bank. The password is forwarded to the issuer for confirmation. The Verified by Visa window disappears and if fully authenticated the cardholder resumes their transaction, if the password is not confirmed an error message will appear. In the event the cardholder is not a participant in Verified by Visa an attempt to authenticate is recorded.

The Verified by Visa program offers chargeback protection for dispute reason codes 75 and 83 when the merchant fully authenticated or attempted authentication.
Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

- E-Commerce transaction
- Positive response; fully authenticated
- Issuer/cardholder does not participate, attempted to authenticate
- Excludes MCC's:
  - 4829 – Wire Transfer/Money Orders
  - 5967 – Direct Marketing (Inbound Teleservices Merchant)
  - 6051 – Non-financial Institutions Foreign Currency, Money Orders (Not Wire Transfer), Travelers Cheques
  - 7995 – Betting including Lottery Tickets, Casino gaming chips, OffTrack Betting and Wagers at Race Tracks
  - Any merchant identified as "High Risk" due to excessive fraud and/or chargeback's

Note: for U.S. region:
Pre-Paid and Commercial cards are excluded from protection for attempted authentication (ECI 6).
Effective April 4/17/15, Pre-Paid cards are excluded from protection for attempted authentication (ECI 6)
The transaction and authorization logs do not need the same values in the ECI field.

Note: for LAC region:
Brazil Domestic and Pre-Paid or Commercial cards are excluded from protection.
Domestic eCommerce transactions in Brazil, the chargeback is valid if the transaction was processed with an ECI value of 6.

Note for International:

The transaction and authorization logs need the same values in the ECI field.
Non-U.S. Domestic and International rules will allow e-commerce transactions on
Commercial cards to qualify for liability shift when full or attempted authentication has
been performed.

VISA® *CVV2 Validation Program-U.S. Based Merchant*

The CVV2 Validation program eliminates the need for merchants in a face-to-face environment to obtain an imprint if the card is not able to be magnetically swiped. Merchants that participate will collect and key the 3-digit CVV2 value at the point-of-sale.

CVV2 is considered an imprint for purposes of responding to a chargeback reason code 81. Once a copy of the transaction receipt has been received by First Data and validation of all other transaction conditions (i.e., authorization for the full amount of the transaction, cardholder signature, and result code was obtained) occurred and retrieval fulfillment requirements were met it may be represented to the issuer.

Program Qualifications:

- U.S. Domestic Transaction
- Card present with magnetic stripe failure only
- Transaction was key-entered
- CVV2 was included in the authorization request
- Authorization Approval
- Signature obtained on the sales draft and retrieval request properly fulfilled

Excluded MCC's:

4829	6010	6011	6051	7995

Note: Quasi Cash, Cash Back, Manual Cash disbursements, As well as merchants assigned MCC 7995 - Betting, including lottery tickets, casino gaming chips, off-track betting and wagers at race tracks do not receive the protection and will still be required to obtain a manual imprint. Visa International transactions are not eligible for this protection.

Discover Programs & Services

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Discover Network supports specific merchant programs that provide eligible merchants with processing benefits, which includes select chargeback protection

Discover Network Programs

No Signature Required

Address Verification Service (AVS)

Card Identification Data (CID)

Each program has its own eligibility, processing requirements, criteria, and benefits. Please contact your Account or Sales Manager for additional information on participation.

No Signature Required

Discover Network implemented the No Signature Required program to offer consumers a less complicated, more efficient way to complete certain types of transactions. The merchant is offered benefits by participating in this program.

The No Signature Required program offers chargeback protection for dispute reason code UA01 when the transaction met criteria for NSR (No Signature Required) at the time of settlement for the following qualifications:

Note: Chargeback benefits may only apply to transactions properly processed meeting all eligible criteria.

No Signature Required Program Criteria
- Transaction amount $50.00 or less
- Magnetic-Stripe or electronically Real
- Authorization granted
- MCC <u>NOT</u> excluded from the program

No Signature Required Excluded MCC's:

4829   Money Transfer – Non-Financial Institution

6010   Member Financial Institution – Manual Cash Disbursements

6011   Member Financial Institution – Automated Cash Disbursements

6050   Quasi-Cash – Member financial Institution

6051   Quasi-Cash – Non-Financial Institution

6531   Payment Service Provider – Money Transfer for a Purchase

6532   Payment Service Provider – Member Financial Institution Payment Transaction

6533   Payment Service Provider – Merchant-Payment Transaction

6534   Money Transfer – Member Financial Institution

7995   Betting (Lottery Tickets, OTB, etc)

Address Verification Service

Address Verification Service is a risk management tool that assists merchants in making informed decisions about a transaction in a card-not-present environment. The AVS tool provides the merchant with verification of the cardholder's billing address on file with the issuer. Merchants should utilize AVS responses in addition to other risk management tools to prevent fraudulent transactions.

The following are AVS response codes that may be received:

Address Verification Service Response Codes:

X	Address matches, nine-digit Postal Code matches
A	Address matches, five-digit Postal Code matches
Y	Address matches, Postal Code does not
T	Nine-digit Postal Code matches, address does not
Z	Five-digit Postal Code matches, address does not
N	Nothing matches
W	No data from Issuer Authorization system
U	Retry, system unable to process
S	AVS not supported at this time
G	Address information not verified for international transactions

Card Identification Data (CID)

The Card Identification Data (CID) is a three (3) digit number on the card that a merchant may verify with the issuer during an authorization request. This number is only present on the actual card. The merchant may utilize the verification in addition to other risk management tools, such as AVS.

The following are valid CID response codes:

Card Identification Data Response Codes:

P	Not Processed
S	CID should be on the card, but the merchant has indicated that it is not present
U	Issuer is not certified
M	CID Match
N	CID No Match

AMEX Programs & Services

American Express Network supports specific merchant programs that provide eligible merchants with processing benefits, which includes select chargeback protection

AMEX Network Programs

Keyed No Imprint Program
No Signature Program

Each program has its own eligibility, processing requirements, criteria, and benefits. Please contact your Account or Sales Manager for additional information on participation.

Keyed No Imprint Program

The Keyed No Imprint Program allows a Merchant to submit a transaction where the card and the cardholder are present without taking an imprint of the card. Under the Keyed No Imprint Program, AMEX will not exercise a chargeback for such charges based solely on the merchant's failure to obtain an imprint of the card.

Note: If AMEX received disproportionate amounts or numbers of charges under the Keyed No Imprint Program, merchant must reduce the number of disputed charges. If efforts fail, AMEX may place Merchant in a chargeback program, revoke participating in the Keyed No Imprint Program, or revoke, cancel or disentitle card acceptance.

Keyed No Imprint Program Criteria
- Transaction must be key-entered
- Card and Cardholder were present for the transaction
- Authorization granted
- CID Number must be confirmed as a positive match

No Signature Program

The No Signature Program allows a merchant who process In-Person charges not to request a signature from the cardholder on the charge record. Merchants who do not conduct In-Person charges (i.e., internet, mail order or telephone order), prohibited merchants and/or prohibited transactions, High Risk Merchants or Merchants placed in American Express' Fraud Full Recourse Program are excluded from participating in the program. Under the No Signature Program, AMEX will not exercise a chargeback for such charges based solely on the merchant's failure to obtain a signature at the point of sale.

No Signature Criteria:
- Charge amounts must be $50.00 or less
- Indicate the card and the cardholder were present at the point of sale
- Valid Approval was received

Note: If AMEX received disproportionate amounts or numbers of charges under the No Signature Program, merchant must reduce the number of disputed charges. If efforts fail, AMEX may place Merchant in a chargeback program, revoke participating in the No Signature Program, or revoke, cancel or disentitle card acceptance.

Glossary

Account Number	An issuer assigned number that identifies a cardholder's account.
► Acquirer	A member bank of Visa and/or MasterCard who enters into a merchant agreement to enable merchants to accept card products
Acquirer Reference Number (ARN)	The 23 digit reference number that identifies a transaction.
Address Verification Service (AVS)	A risk management tool which helps reduce the unknowing acceptance of fraudulent mail and telephone order transactions by facilitating verification of the cardholder billing address with the card issuer
Approval Response	An authorization response notifying the merchant that a transaction may be completed because the customer has "open to buy" availability on their account at that particular time.
Arbitration	A process where Visa, MasterCard and Discover determines financial liability between members for Interchange transactions that have been charged back.
Authorization	A process, where an issuer, an authorizing processor, or stand-in processing approves or declines a transaction.
Authorization Code	A code that an issuer, its authorizing processor, or stand-in processing provides to indicate approval of a transaction. The code is returned in the authorization response message and is usually recorded on the transaction receipt as proof of authorization.
Authorization Response	An issuer, authorizing processor, or stand-in processing reply to an authorization request or account number verification. (Approval, Decline, Pickup or Referral)

Bank Identification Number (BIN)	A six digit number assigned by Visa used to identify a member or processor for authorization, clearing or settlement.
Cardholder	A person to whom an account has been issued, or who is authorized to use the account.
Card-Absent Environment	An environment where a transaction is completed under both of the following conditions: cardholder is not present and card is not present.
Cardholder-Activated Terminal (CAT)	A magnetic stripe terminal or chip reading device that is not an ATM. (Automated dispensing machine, limited-amount or self-service terminal).
Card-Present Environment	An environment where a transaction is completed under both of the following conditions: cardholder is present and card is present.
Card Verification Value	A unique check value encoded on the magnetic stripe and replicated in the chip of the card to validate card information during the authorization process. CVV = Visa CVC = MasterCard CID = Discover
Case Number	A unique number assigned to retrieval and chargebacks when they are received by First Data
Central Processing Date	The date a transaction or chargeback/retrieval is sent through Interchange.
Chargeback	A financial dispute initiated by the Network normally on behalf of their cardholder.
Chargeback Period	The number of calendar days from the central processing date of a transaction, during which time the issuer may exercise a chargeback right.
Chargeback Reference Number	An issuer assigned number that identifies the source of an outgoing chargeback.
Chip Card	A card that has been embedded with a computer chip. This chip contains a memory and interactive

capabilities used to identify and store additional information about the cardholder.

Chip PIN Card	The cardholder verification method that is conducted with the chip card itself. The PIN entered is verified against the PIN in the chip memory. The PIN is stored in the card.
Chip PIN Terminal	A device that is capable of readying and processing data from magnetic stripe, chip cards and a key pad.
Chip PIN Transaction	Transactions can be completed online or offline and the cardholder is required to enter a PIN at the POS.
Chip Terminal	A device that is capable of readying and processing data from magnetic stripe and chip cards.
Chip Transaction	The card is inserted in the chip reader of the terminal, the electrical contacts inside the terminal come into contact with the chip embedded into the card and allows communication online, between the issuer, terminal, and card; or offline, between the terminal and the card. The chip and terminal identify and authenticate each other.
Collections	A good faith attempt to resolve a chargeback dispute after all rights under Visa/MasterCard regulations have expired.
Compliance	A process where Visa/MasterCard resolves disputes between members arising from violations of the operating regulations when the requesting member can certify that a financial loss has occurred, or will occur for a specific amount, and no chargeback right is available.
Credit Transaction	A merchant's refund or price adjustment processed to a cardholders account.
Currency Conversion Rate	The government mandated rate in effect on the applicable central processing date.
Decline Response	An authorization response indicating that the funds are not available and should not be honored.

Documentation Indicator	A code indicating the status of supporting documentation.
Domestic Transaction	A transaction where the issuer of the card is located in the same country/docile as the merchant.
Electronic Commerce Merchant services (eComm)	A merchant that conducts the sale of goods or electronically over the Internet or other networks.
Electronic Commerce Transaction network. (eComm)	A transaction conducted over the Internet or other
Electronic Transaction Receipt data. (POS Receipt)	Terminal generated receipt reflecting the required
Exception File	A file maintained that contains a list of account numbers with pre-determined authorization response codes.
Expiration Date	The date indicating the last day the card can be used.
Expired Card	A card on which the embossed, encoded, or printed expiration date has passed.
Face-to-Face Environment	An environment where a transaction is completed under all of the following conditions: cardholder is present and individual representing the merchant completes the transaction.
Fallback Transaction	Occurs when a chip transaction is attempted (terminal fails to read the chip and then reverts to the magnetic stripe or the transaction is key entered) but fails and the terminal reads the magnetic stripe or the transaction is key entered, authorized and identified as fallback (POS Entry Mode).
Floor Limit	The amount of a transaction above which a merchant must obtain an authorization.
ICA Number	A four digit number assigned by MasterCard that identifies all member, issuers and processors.

Imprint	Cardholder data transferred from a card to a transaction receipt to complete the transaction. There are two kinds of imprints: electronic and manual.
Interchange	The system through which Visa/MasterCard members exchange authorization, processing and settlement information.
International Transaction	A transaction where the issuer of the card is located in a different country/docile as the merchant.
Issuer	A member of any Network that issues accounts.
Limited-Amount Terminal	A cardholder activated terminal that has data capture only capability, and accepts payment items such as parking garages, road tolls, theater entrance and magnetic strip telephones.
Magnetic Stripe	The stripe on a card that contains the necessary information to electronically complete a transaction.
Magnetic Strip Terminal	A point of transaction terminal that reads the magnetic stripe on a card.
Mail/Phone Order Merchant	A merchant that completes mail/phone order transactions.
Mail/Phone Order Transaction	A transaction where a cardholder orders goods or services from a merchant by phone, mail or other means of telecommunication and neither the card nor the cardholder is present at the merchant location.
Manual Imprinter	A device specifically designed to transfer the embossing on a card and merchant plate to a transaction receipt
MasterCard Global Security Bulletin	Primary source of security changes and fraud reporting reflecting the merchants who no longer accept fraud chargeback's, merchants who need to accept fraud chargeback's and members listed in the Cardholder-Merchant Collusion Program.
Member Message Field (MMT)	The text field in the clearing record of a chargeback or representment that contains pre-formatted messages.

Merchant	An entity that contracts with an Acquiring Bank to originate transactions.
Merchant Agreement	A contract between a merchant and an acquiring bank containing their respective rights, duties and obligations for participation in the acquiring bank program.
Merchant Category Code (MCC)	A code designating the principal trade, profession, or line of business in which the merchant is engaged.
No-Show Transaction	A transaction resulting from a cardholders alleged failure to cancel or use the reservation.
No Signature Required Merchant	A merchant that qualifies to participate in the No Signature Required program on the basis of its assigned merchant category code (MCC).
No Signature Required Program	A point-of-transaction program which exempts merchants in certain categories from requiring the cardholder's signature or providing a transaction receipt, unless requested, for transactions under Network designated amount.
No Signature Required Transaction	A transaction under the Network designated amount completed without the cardholders signature, in a face-to-face environment, by a qualified merchant.
Pick-up Card Response	An authorization response given to a merchant requesting that the cardholders card be confiscated.
Personal Identification Number verified up (PIN)	A unique number that is entered at the POS to be against the PIN in the data on the chip.
Processing Method	The way merchants send their transactions to the acquirer/processor to be funded.
► Processor	A Company (i.e., First Data) that contracts with an Acquiring Bank to provide services such as; processing/settlement of card transactions, customer service support, and retrieval/chargeback processing for merchants
Quasi-Cash Merchant	A merchant that completes a Quasi-cash transaction.

Quasi-Cash Transaction	A transaction representing a merchant's sale of items that are directly convertible to cash, such as: casino gambling chips, money orders, deposits, wire transfer money orders.
Reason Code	A code that identifies the reason for a chargeback/retrieval
Recurring Services Merchant	A merchant that provides services of an ongoing nature to a cardholder and completes recurring transactions to bill the cardholder for these services.
Recurring Transaction	A transaction for which a cardholder provides permission, in either written or electronic format, to a merchant to periodically charge his/her account number for on going goods or services. These may include insurance premiums, subscriptions or membership fees.
Referral Response	An authorization response generated by the issuer requesting the merchant or acquirer/processor to contact them for further instructions before completing the transaction.
Representment	A clearing record that an acquirer/processor presents to the issuer through Interchange after a chargeback.
Retail Merchant	A merchant that is not one of the following: Mail/Phone order, Recurring Services merchant or T&E merchant.
Retail Transaction	A transaction that originates at a retail merchant.
Retrieval Request	A request by an issuer for a copy of a previously processed transaction, which could include a paper copy or facsimile, or an electronic version. There is no initial financial liability associated.
Self-Service Terminal	A cardholder-activated terminal that accepts payment for goods or services.
Self-Service Transaction	A transaction that originates at a self-service terminal.

Stand-In Processing
: Authorization services that are provided on behalf of the issuer when the issuer or its authorizing processor is unavailable.

Substitute Transaction Receipt
: A paper form or record that is not a transaction receipt and that a member or merchant provides in response to retrieval request, when allowed.

Track 2 Data
: One of the two separate tracks of data that is stored on the magnetic stripe on the back of the card which contains information regarding the account

Transaction
: The act between a cardholder and a merchant, or a cardholder and a member that results in the generation of a sale or credit.

Transaction Currency
: The currency in which a transaction was processed.

Transaction Date
: The date on which a transaction between a cardholder and a merchant occurs.

Transaction Receipt
: An electronic or paper record of a transaction generated.

Truncated Card Number
: A card number which is not reflecting full 16 digit number

Warning Bulletin
: A printed list of blocked cardholder account numbers.