

# Chargebacks Best Practices

**frontstream**<sup>TM</sup>  
payments



# Retrieval request

A *retrieval request* occurs when a credit card issuer or the cardholder asks a merchant for a copy of a transaction ticket. If a cardholder or issuer disputes a transaction, this may be the first step taken to resolve the matter.

If a Merchant fails to reply to a retrieval request in time, a chargeback is processed, and the merchant has no right or ability to reverse.

Card present merchants need a legible copy of the terminal receipt.

Card not present merchants must provide legible copies of all documentation relating to the sale. This can include invoices, proof of delivery, quotations, emails, faxes, and other correspondence with the customer.



# Chargebacks

A chargeback is the reversal of a credit card transaction and occurs when a Customer raises a dispute with their card company.

A chargeback causes the amount of the original sale and a chargeback fee to be deducted from the merchant's bank account.

The reason for chargeback disputes vary greatly but are generally the result of a customer being dissatisfied with their purchase, illegal or fraudulent transactions.



## Chargebacks cont.

Chargebacks are initiated for a variety of reasons including:

- Transactions not recognized by the card holder

- Duplicate transactions

- Goods/Services not received or faulty

- No authorization obtained

- Fraud

- Point of sale error



# Reducing chargebacks

Communicate with customers and try to establish a mutually satisfactory solution to problems relating to quality of goods or services provided to avoid chargebacks

Keep your customer records including invoices proof of delivery, emails, faxes, and other correspondence.

Always respond to chargebacks and retrieval requests as quickly as possible and within the time frame given.

Provide legible documents when responding. Make sure the last four of credit card number is showing, as well as transaction date, transaction amount and cardholder signature.



# Reducing chargebacks cont.

Use a clear DBA name that customers will recognize

Provide clear refund, return and cancellation policies on receipts, invoices, store displays and website.

Never accept an expired credit card

Always obtain authorizations and ensure the authorization is for the full amount of the sale

▶ Do not split the transactions into smaller amounts to avoid decline authorization.



# Chargebacks - card not present

Obtain as much information as possible about the cardholder:

Full name

Address

Phone number

Landline

Credit card number

Name of bank expiration date

CVV

Etc.



# Chargebacks card not present cont.

Keep your customer's records updated.

You may want to verify the name and address on google.

Obtain the cardholder's signature on some correspondence, for example a faxed order confirmation or for recurring billing.

Remember that the liability for all card not present transactions and chargebacks rests with the Merchant.

▶ The more information you gather reduces identity fraud and chargeback risk.





# Chargebacks card not present cont.

Ensure that you have a sound fraud detection process and risk policies for your sales people.

Always get signed proof of delivery.

Only charge the Customers credit card when the goods are shipped on delayed delivery.

- ▶ Exercise caution when taking foreign orders.
- ▶ Contact customers to confirm the legitimacy of large or suspicious orders.