



Merchant Guide to Chargebacks

Introduction

At IntegraPay we are committed to providing our merchants with assistance in protecting their business from fraud and chargebacks.

What is a chargeback?

A chargeback is a reversal of a credit card transaction and usually occurs when a cardholder raises a dispute with their financial institution (also known as the issuer) in relation to a purchase made with their credit card. The reasons why chargebacks occurs vary, however generally they are the result of a customer being dissatisfied with their purchase or due to unauthorized or fraudulent activity/use of their credit card.

A chargeback may result in the amount of the original sale and a chargeback fee to be deducted from a Merchant's account.

Why Chargebacks Occur

The most common reasons for chargebacks include:

- Customer disputes
- Fraud
- Processing errors
- Authorization issues

Although Merchants cannot avoid chargebacks completely, they can take steps to reduce or prevent them. Many chargebacks result from avoidable mistakes, so the more the Merchant knows about proper transaction processing procedures, the less likely they will be to inadvertently do, or fail to do, something that might result in a chargeback

Customer Dispute Chargebacks

Customer disputes are one of the most common reasons for chargebacks. A customer may dispute a transaction because:

- A credit has not been processed when the customer expected it would be.
- Merchandise ordered was never received.
- A service was not performed as expected.
- The customer did not make the purchase; it was fraudulent.

Because these chargebacks may indicate customer dissatisfaction—and the potential for lost sales in the future—addressing their underlying causes should be an integral part of your customer service policies

What is the process for a chargeback?

- Cardholder raises the dispute with their financial institution (known as the Issuer) or the Issuer discovers a breach of the Card Scheme rules
- Issuer raises a Chargeback via the Card Scheme
- IntegraPay Chargeback team receive the Chargeback and will request documentation from the Merchant to verify the transaction. The Merchant has a set timeframe to respond to these requests.
- IntegraPay Chargeback team will provide the documents to the card issuer for review
- If the chargeback is investigated and found to be invalid, IntegraPay Chargeback team will notify the merchant and return the funds.
- If the chargeback is investigated and found to be valid, the chargeback amount is debited from the Merchant's account and notification is provided to the Merchant. A chargeback fee may also be charged to the merchants account.

How to Manage Chargebacks

Evidence required to refute the chargeback:	You may be liable if:
<p>Signed imprinted/PIN voucher for all card present transactions by the required timeframes and all surrounding information including one or more of the following:</p> <ul style="list-style-type: none"> • A clear description of the purchased goods or services • Transaction amount • Transaction date • Your merchant trading name • Your merchant location. 	<ul style="list-style-type: none"> • The transaction processed was manual/card not present • If your response is not received by the required timeframe
<p>Supporting documentation to prove that appropriate authorisation was obtained.</p>	<ul style="list-style-type: none"> • You did not obtain the appropriate authorisation within timeframe for the transaction in dispute • Transaction processed over your floor limit • Card was expired prior to transaction date • Transaction was processed to a card that does not match a valid card number on file for the Issuing bank.
<p>Signed transaction receipt and all other related signed documentation to prove the transaction was processed:</p> <ul style="list-style-type: none"> • That is not paid for the same merchandise or service by other means • Within the mandatory time limit • With correct transaction amount/card number. 	<p>No legible transaction receipt and documentation is provided to prove the transactions was processed accurately.</p>
<ul style="list-style-type: none"> • Documentation to show that a refund was processed to offset the disputed transaction through the same payment channel the cardholder used to make the original payment. 	<ul style="list-style-type: none"> • You accidentally processed the same transaction twice or more for the same purchased goods &/or services • You did not process a refund via the same payment channel as the disputed transaction.
<p>Signed documentation to prove that the cardholder or cardholder authorised recipient received the merchandise/service by the expected delivery date and at the agreed location.</p>	<ul style="list-style-type: none"> • Goods and/or services were not received by the appropriate recipient at the agreed location by the expected delivery date • You are unwilling or unable to provide the goods and /or services and have not refunded the cardholder via the same payment channel as the disputed transaction.

Best Practices

Checkout / Website

- Ask for both a billing and shipping address and the customer's phone number
- Properly disclose your Return, Cancellation, Warranty and Guarantee policies as well as shipping and processing fees.
- Require a customer to initial or acknowledge the Cancellation and Refund Policies prior to purchase completion.

Authorization

- Authorize every sale on the order date
- Ask the customer for another payment if an authorization is declined

Email Confirmation

- Email notifications after sale is confirmed; including shipping and billing information with delivery date and Return Policy
- Keep customers informed about order status if shipment is delayed and the new expected delivery date
- Email an Order Confirmation Notice to the cardholder prior to shipping and processing settlement

Delivery

- Do not ship overseas unless you have a successful history doing it
- Ship to the address provided and get a signed delivery receipt

Settlement & Credits

- Ensure the Merchant name on the receipt matches the merchant name on the statement
- Issue credits promptly when a credit is owed
- Issue refunds via the same payment channel the card holder used to make the original payment
- Notify the cardholder when the credit is issued

Response

- Respond to inquiries from cardholders promptly
- Cancel recurring transactions promptly upon request
- Provide any other information pertinent to the specific chargeback including

Documents to provide which will support the validity of the transaction

Make sure that the documentation provided to IntegraPay is legible. Along with a written rebuttal of the cardholder's claim the following documents can be provided to support the transaction:

- Proof of delivery and signature of cardholder or their agent
- Valid copies of Debit Authority
- Contract with the cardholder including the Terms and Conditions of the contract.
- Cancellation Policy provided to the card holder with the customers signature acknowledging the cancellation terms
- Signed receipt and itemised invoice
- Itemised invoice which links the order to the cardholder
- Receipt of Refund
- Statement providing the cardholder agreed to the amount debited.

Please note the final decision as to the outcome of these investigations lie with the cardholders' financial institution and not IntegraPay.

Contact Us

If you have any questions in relation to chargebacks please contact us by via email at claimsandchargebacks@integrapay.com