



Chargebacks Best Practices

Disclaimer:

This guide is provided as a courtesy for general informational purposes only. Priority Payments is not responsible for any inaccuracies or incomplete information. The content herein is subject to change, and the most current information can be found at:

- [Visa](#)
- [MasterCard](#)
- [American Express](#)
- [Discover](#)

Individual circumstances may vary, and procedures may be amended or supplemented as needed. This guide is not a comprehensive listing of all applicable guidelines and procedures.

Purpose:

This guide is intended to provide merchants with additional educational support regarding dispute processing for Visa, MasterCard, Discover, and American Express. It does not alter the terms of your merchant processing agreement or replace existing operating regulations.

Chargeback Considerations:

Each chargeback should be reviewed and presented as an individual case. Even when



reason codes are the same, the supporting documentation required to remedy each chargeback scenario may vary.

Authorization Timeframes:

- An approved authorization response remains valid for seven (7) days for electronically processed transactions on Visa, MasterCard, Discover, and American Express.
- Exceptions: Pre-authorizations for the Travel & Entertainment (T&E) industries follow different guidelines.

Refund Timeframes

TSYS Guidelines:

- Do not issue a refund after a chargeback has been processed. This may result in a fatal chargeback.
- TSYS will check for a credit. If a credit is found, they will represent the chargeback.
- If multiple credits are listed with the same card, TSYS will issue a debit advice.
- If the refund amount differs from the original transaction, TSYS will issue a debit advice.
- Always refund the card used for the original transaction.

Note: Whenever possible, contact the cardholder directly to resolve the dispute. However, for Discover Network cardholders, direct contact regarding a dispute is prohibited under Discover Network Card Organization Rules.

Retrieval Overview

A retrieval request from a network is non-financial but, if not fulfilled properly, may result in a chargeback. Issuers submit retrieval requests to:



- Satisfy a consumer's inquiry
- Support an available chargeback right

Each retrieval request includes a request code explaining the reason for initiation.

Delivery

- Retrieval requests are sent via fax or mail.
 - Upon receipt, you should provide all available pertinent documentation supporting the transaction by the due date listed on the request.
 - Supporting documents may include, but are not limited to:
 - Copy of the sales draft
 - Folio
 - Rental agreement
 - Any other retained transaction documents
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Fulfillment Guidelines

When responding to a retrieval request, ensure the following:

- ✓ Provide clear and legible copies of all supporting documents.
- ✓ Include the original notification and the retrieval case number with each response.
- ✓ If multiple pages or documents are provided, write the case number on each page.
- ✓ Submit all responses before the due date listed on the notification.
- ✓ Attach the correct transaction documentation to the corresponding retrieval request.

♦ *Only the first response submitted will be used to fulfill the request.*



Requirements for a Valid Fulfillment

The information required on sales drafts varies by merchant industry. All necessary elements must be included in a single document whenever possible. Below are the minimum requirements for sales drafts:

- ✓ 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)

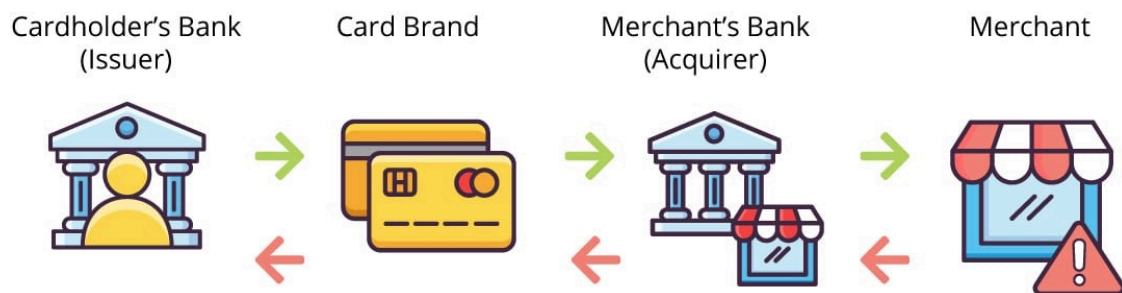
Important: If a sales draft includes a cardholder signature, the transaction details must appear on the same document to establish a clear link between the transaction and the signature. This also applies to signature capture receipts.

Critical Notice

🚨 Failure to respond timely and accurately to a retrieval request may result in:



- A chargeback with no representation rights
- A Compliance Violation



Chargeback Overview

A chargeback is a transaction that has been disputed and returned by the cardholder or issuing bank for various reasons.

Both the cardholder and the card-issuing bank have the right to question or dispute a transaction. If a dispute is not resolved, a chargeback may occur.

⚠ Merchant Responsibility:

- You are responsible for all chargebacks, chargeback fees, and related costs arising from your transactions.



- Your settlement account or settlement funds will be debited for the amount of each chargeback.
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Chargeback Process & Issuer Responsibilities

A chargeback can be initiated for various reasons, but the issuer must first confirm that a valid chargeback right applies. Card networks establish rules regarding:

- Issuer rights and processing requirements
- Merchant and acquirer/processor obligations

The issuer is responsible for ensuring that:

- ✓ The chargeback is submitted under the correct reason code
 - ✓ The chargeback is processed within the required timeframe
 - ✓ All necessary documentation is provided
 - ✓ The chargeback meets all regulatory conditions
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Contesting a Chargeback

- ✓ Respond before the chargeback due date with a full explanation and all supporting documentation.
- ✓ If the documentation is sufficient, the chargeback may be reversed.
- ✓ Chargeback reversals are conditional—the issuer may still escalate the case through:
 - A second chargeback
 - An incoming pre-arbitration case



Important:

🚫 Do not issue a credit upon receiving a chargeback. The issuer has already applied a conditional credit to the cardholder's account.

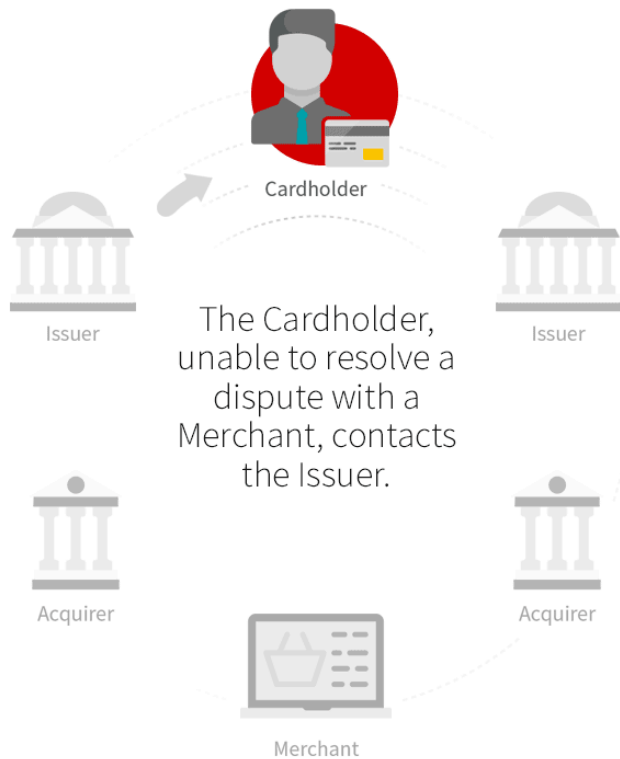
🔔 Credits issued after a chargeback is received may not be recoverable, making you financially responsible for both the chargeback and the credit.

Chargeback Categories

Chargebacks are grouped into nine categories based on the reason code:

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

Each chargeback reason code has its own specific conditions and requirements, detailing both the reason for the chargeback and the necessary information that can be provided to potentially reverse it.



Rent Payment/MRI

Chargeback Dispute Process Summary:

1. Notification:
 - When a chargeback is received, a ticket is created in ZenDesk.
 - PMCs are notified of the dispute via ZenDesk.



2. Accuracy of Security Users:
 - Ensure Security Users are correct in ZenDesk, as this is where dispute-related emails will be sent.
3. Dispute Time Frame:
 - Respond promptly to chargeback notifications, as payment organizations have strict deadlines.
4. Required Documentation:
 - Sales drafts must be submitted with the chargeback dispute response.
 - Include additional documents, such as hotel folios, car rental agreements, or other receipts, if applicable.
 - If a credit transaction was processed, provide a copy of the credit draft.
 - Letters are not acceptable substitutes for sales drafts.
 - Proper Disclosure for Terms and Conditions
 - Proper Disclosure for Cancellation Policy
5. Submission Guidelines:
 - Submit the required documentation ZenDesk to the provided ZenDesk ticket contact info in the chargeback request.
6. Acceptable Documentation Formats:
 - .pdf, .jpeg, or .tiff formats are acceptable.
 - Low-quality documents may result in processing delays or downgrades.
7. Recommendation:
 - Strictly adhere to the guidelines and terms in the Terms and Conditions to ensure that disputes are resolved successfully.

Chargeback Dispute Process Overview

1. Dispute Management:
 - TSYS platform is used for managing disputes.
 - ZenDesk is used to generate tickets, with both automated and occasional manual ticket creation.



- PMCs are notified of disputes via ZenDesk, and it's crucial for the Security Users to be accurate because emails about disputes are sent from ZenDesk to them.
- 2. Chargeback Response:
 - Given the short time frames, submitting appropriate documentation in a timely manner is essential to successfully dispute and reverse a chargeback.
- 3. Documentation Submission:
 - Follow the Terms and Conditions for guidelines when disputing a chargeback.
 - Submit required documentation as outlined in the chargeback notification, within the specified time frame, to ensure the dispute is addressed properly.
- 4. Resolving the Chargeback:
 - Chargeback Notification: Once a chargeback is submitted by the card-issuing bank, you will receive a notification (which may also request transaction documentation).
 - Respond promptly within the provided time frame to avoid losing the dispute.

Steps to Dispute a Chargeback:

1. Chargeback Notification:
 - Upon receiving a chargeback, you'll get a chargeback notification from us, which may also request transaction documentation.
 - Act quickly: Due to tight time requirements from payment organizations, it's essential to respond within the specified time frame.
2. Required Documentation:
 - When you receive a transaction documentation request, immediately retrieve the required sales draft(s).
 - Your response should include:
 - A written rebuttal explaining the situation and what occurred.



- The 'case number' from the documentation request on each page and copy of the documents.
- If applicable, provide additional supporting documents like:
 - Hotel folio, car rental agreement, mail/phone/Internet order forms, or other receipts.
 - Credit drafts (if a credit transaction was processed).
- Note: Letters are not acceptable substitutes for sales drafts.
- 3. Submission:
 - Fax or mail the requested documentation to the fax number or mail address provided on the request form.
 - If faxing:
 - Ensure your fax machine prints your fax number and name on each document.
 - Set the scan resolution of the fax machine to the highest setting to ensure clarity.
- 4. Accepted File Formats:
 - Acceptable file formats for submitting documents include: .pdf, .jpeg, and .tiff.
 - If submitting documents electronically, make sure they are clear and legible to avoid downgrading or potential issues with the dispute.
- 5. Responsibility Disclaimer:
 - Please note that documents may degrade in quality during transmission, and Priority Payments is not responsible for any downgrading that might occur.

Consequences of Not Disputing a Chargeback on Time:

1. Forfeiture of Reversal Rights:
 - If you do not dispute the chargeback within the time limits set by the payment organization, you will lose your right to reverse the chargeback.
2. Good Faith Collection (Visa and MasterCard Only):



- If you miss the dispute window, good faith collection can be attempted for non-fraud chargeback reason codes (Visa and MasterCard only).
 - The process can take up to six months, and there is no guarantee that funds will be recovered.
 - Collection fees will be charged by the card issuing bank, and those will be deducted from the transaction amount along with processing fees.
3. Handling Fees:
- If a discrepancy is found in the documentation (e.g., incorrect business name, city, transaction date), the card issuing bank may charge a handling fee, which will be deducted from your settlement account or funds.

Additional Notes for Specific Networks:

1. Visa:
 - If a chargeback is reversed and re-presented to the card issuing bank, the bank may choose to submit the matter for arbitration through Visa.
 - Visa charges filing and review fees, which will be your responsibility, even if the decision is not in your favor.
2. MasterCard:
 - If a chargeback is reversed and re-presented, the card issuing bank may choose to resubmit the chargeback.
 - If you believe the chargeback is invalid, you can request arbitration with MasterCard.
 - Filing and review fees from MasterCard will be your responsibility, regardless of the outcome.
3. Discover Network:
 - If Discover Network rejects the re-presentment, you can request arbitration.
 - Discover Network charges fees for re-presentment and arbitration, and we may also charge you for these fees.



Key Points:

- Timeliness is crucial to avoid forfeiting your chargeback reversal rights.
- Good faith collection is a last resort and may not result in fund recovery.
- Arbitration fees from Visa, MasterCard, or Discover Network will be your responsibility.