



# **Dispute Management Guide**

Version 4.0 – March 2020

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## About this guide

This document is designed to provide you an overview of the dispute management process and how to protect yourself against fraud.

This document is strictly confidential and is subject to the confidentiality provisions of our Terms and Conditions. Every attempt has been made to provide information that is as specific and consistent as possible.

However, in such a dynamic industry it is impossible to anticipate every possible scenario. For that reason, this document may be subject to ongoing review and change.

The latest version of this guide is always available from: <https://www.cashflows.com/user-and-integration-guides>

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## Introduction

In certain circumstances a cardholder may wish to dispute a transaction.

This can happen for a number of reasons, including card misuse, genuine processing errors, or the cardholder being dissatisfied with the goods or level of service provided. When a transaction is disputed, the card issuer and the acquirer operate according to clearly defined and well-established procedures to resolve the dispute. These procedures are designed to establish whether the merchant should receive (or retain) the disputed payment or whether the funds should be returned to the cardholder's account. The process of returning the funds to the cardholder is known as a chargeback for Mastercard and a Dispute for Visa.

To reduce the number of disputed transactions it is essential that merchants and acquirer carefully monitor the disputed transactions and respond promptly to retrieval requests. If a merchant is receiving a large percentage of disputed transactions they are required to take corrective action to prevent disputes from arising, or they may face fee assessments from the card schemes.



## COVID-19 pandemic guidance

**Important:** CashFlows is closely monitoring the impact of COVID-19 pandemic on the payment ecosystem and recognises the operational challenges this may face our Customers with the majority of workforces operating remotely, and in particular when it comes to dispute & chargeback resolution management.

Over the coming months, we expect to see a chargeback volume increase, it is critical that the payment system remains stable and secure, and therefore CashFlows recommends that you take the following actions:

- Proactively discuss and agree with your customers (the cardholder) to accommodate rescheduling the delivery of goods or services whenever possible.
- Process refunds for transactions where you are not able to provide goods or services as soon as possible.
- Waive no show, change or any other relevant fees that apply for not utilising goods or services

**Note:** We strongly recommend that you are transparent with information about refunds, waived fees or alternative services with your customers.

### Chargeback Guidance:

There may be a chargeback right when:

- Services are not provided, including when they are cancelled by a merchant due to government restrictions or other exceptional circumstances.
- Services are refundable and the merchant fails to process a refund upon cancellation.
- Intra-EEA and Domestic European Transactions Only: A travel service is covered by a bonding authority or similar scheme according to local law, but the bond is insufficient or request for reimbursement is declined.
- Record all communication with your customers with regard to postponement/change of delivery day.
- Publish an announcement on your website, where applicable, regarding potential delays/issues related to COVID-19 pandemic.

There is likely no chargeback right when:

- The cardholder chooses not to use a service that is made available by a merchant or cannot access the service because of a travel ban or quarantine.
- Intra-EEA and Domestic European Transactions Only: A travel service is sufficiently covered by a bonding authority or similar scheme according to local law.

In addition to the above CashFlows is, with immediate effect, increasing the number of days you have to respond to Dispute, Chargeback or Retrieval requests from 7 to 14 calendar days.

## What are disputes, chargebacks, retrieval requests and 'high risk warnings'?

A transaction can be disputed by the cardholder for a number of reasons. When cardholder's issuing bank raises a Dispute also known as a Chargeback, it is a full or partial reversal of the funds back to the cardholder.

A retrieval request also known as a "Copy request" or a "Request for Information" (RFI) is a request from the cardholder's issuing bank for copies of a signed sales receipt or other suitable documentation to prove the validity of a transaction. This is normally requested when the cardholder does not recognise a specific transaction on their card statement or if cardholder's issuing bank has detected the transaction as potential fraudulent. CashFlows acting on behalf of the merchant will always provide the issuer bank the required documentation for the RFI.

Prior to a transaction being disputed, the cardholder's issuing bank can raise a Fraud Report (Visa's TC40 message/Mastercard's SAFE message) on the transaction. We then flag the transaction with a 'High Risk Warning' enabling merchants to refund the transaction and prevent any further loss of funds.



## Dispute management time scale

The full dispute management time scale **varies** by card scheme and the reason for the dispute.

A dispute may be raised several months after the original transaction was made. The time limit for when a dispute can be raised on a transaction by the cardholder is generally calculated from one of two dates:

1. The date the transaction is processed by the card scheme, or;
2. The date of expected receipt of services (e.g., for travel services, the expected date of travel).

The cardholder's time limit to raise a dispute begins on the calendar day following these dates, and the issuing bank has typically up to 100 days from this day to raise the dispute. For certain dispute reasons, for example 'No authorisation' the time frame for the cardholder issuing bank to raise a dispute is only 75 days.

## Dispute time scale formula

For the sake of simplicity, CashFlows uses the following formula for calculating the Dispute Time Scale (DTS):

DTS = 100 days +<period between pre-payment/deposit and receipt of the product/service>  
+<guaranteed/warranty period> + <period of subscription /membership>

## The dispute management process

The following outlines the standard dispute management process:

1. The cardholder queries the transaction.
2. The card issuer requests information about the cardholder's transaction from Cashflows (a retrieval request). When raising a request, issuing banks do not state the reason for the request and they are not required to confirm whether the information provided is sufficient for the cardholder. The cardholder's issuing bank may or may not subsequently dispute the transaction.
3. Cashflows informs the merchant by account statement updates & optional email notification that a retrieval request has been made on a transaction.
4. Cashflows will represent the merchant interests in trying to avoid the transaction being disputed by collecting the details of the transaction (incl. cardholder's name, address and 3DSecure details) and sending them to the issuing bank via the card schemes. If the merchant has already refunded the transaction, Cashflows will notify the card issuer of this and request that the retrieval request is retracted.
5. The card issuer examines the information with the cardholder and determines whether the information was returned in the correct time frame and whether it satisfies the cardholder's query. If the transaction is no longer disputed, the process stops here.
6. If the transaction information does not satisfy the cardholder's query in accordance with the rules, or the supporting documentation fails to arrive in the specified time frame, the card issuer will dispute the transaction on behalf of the cardholder. Cashflows will receive notice of the dispute case and that the funds for the transaction has been returned to the cardholder's issuing bank. Throughout the process, relationships are clearly defined. Their cardholder liaises with the card issuing bank, the card issuing bank liaises Cashflows via the card scheme, and Cashflows liaises with the merchant.
7. If a transaction is disputed, Cashflows informs the merchant by account statement updates & optional email notification so that they can respond to the dispute case, also known as a Representment in a timely fashion. For more information about Representment refer to '[Responding to a disputed transaction](#)'.
8. If the cardholder still disputes the transaction, then the dispute case will go to Pre-arbitration where the cardholder's issuing bank will require additional compelling evidence from Cashflows on behalf of the merchant. Cashflows may also secure additional funds from the merchant in case it needs to cover any further arbitration costs.
9. If the dispute case is still unresolved then the case is sent to arbitration where the card scheme themselves decide who is liable for dispute.

### Important:

Please note that if you wish to respond to Pre-Arbitration, the case will need to be filed directly to Arbitration. This will require a fee of 500.00 USD per transaction to be placed within your security account awaiting the outcome of the case. If this is successfully defended the funds will be returned. Failure to successfully defend an arbitration will result in the 500.00 USD being paid to Visa.

Please be aware if no dispute response is received within 7 working days from this notification, under the new Visa VCR (Visa Claims Resolution) rules, the dispute will be accepted on your behalf.

## What role do the card schemes have in the dispute management process?

Until recently the card schemes only provided the mechanism for the cardholder's issuing bank and the acquirer to communicate concerns they had over a transaction that had been disputed by the cardholder. They also provided and still provide an arbitration service if the cardholder and the merchant cannot come to an agreement.

Visa has introduced a new initiative called Visa Claims Resolution (VCR), to simplify dispute resolution, reduce the timeframes and improve efficiency of handling disputed transactions.

Visa Claims Resolution (VCR) is designed to migrate from the existing Chargeback mitigation-based process to a liability assignment model. Using existing data and new data modelling, Visa will now assess each disputed transaction and assign liability, speeding up the end-to-end timeframe for resolution and reduce the number of incorrect dispute cases.

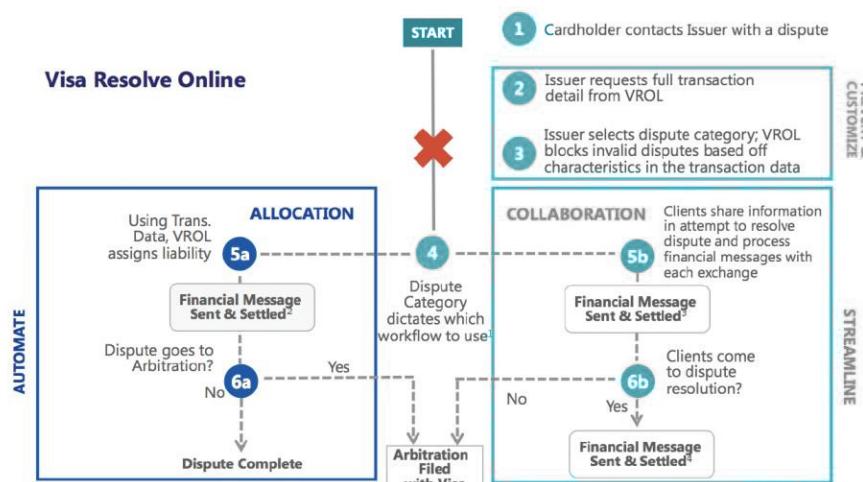
There are now two different dispute workflows, called **Allocation** and **Collaboration** and depending on the dispute category, a dispute will fall into one of these workflows.

### Allocation

For 'Fraud' and 'Authorization' disputes, Visa will assign them to the Allocation workflow where the merchant will no longer be able to raise a Representment but will still be entitled to open a pre-arbitration if they have compelling evidence that supports their case.

### Collaboration

If the dispute is for a 'Processing Error' or a 'Consumer Dispute', then this will follow the Collaboration workflow and allow the merchant to respond to the dispute in the same way as the current Representment process.



Mastercard is following suit with their own liability assignment model that use existing data and new data modelling, allows them to also assess each disputed transaction and assign liability.

With both card schemes moving to a liability assignment model, the card schemes have a greater role to play in dispute management process as they are deciding the validity of the dispute.



## Why do disputes occur?

There are many reasons for a transaction to be disputed as listed below. In many cases the reason for a disputed transaction may be due to fraud, therefore, it is important that you take steps to protect your business from potential losses due to fraud.

### Fraud & Authorisation Errors

A cardholder may have had their card information stolen and used in a fraudulent purchase. In such circumstances the reason for a dispute could be one of the following:

1. The cardholder states that they did not authorise or participate in the transaction.
2. One of these “error” messages is received by the merchant
3. invalid card
4. non-matching
5. fictitious account number
6. unassigned cardholder account number
7. incorrect card member account number; or
8. Missing/invalid signature (after a retrieval request has been responded to by the merchant); or
9. Secondary identification not recorded/does not reflect the cardholder (after a retrieval request has been responded to by the merchant); or
10. Warning bulletin (card reported lost/stolen after authorisation); or
11. Incorrect cardholder name (after a retrieval has been responded to by the merchant) Counterfeit transaction

### Product quality

A cardholder may have purchased a product/service and:

1. It was delivered in poor condition.
2. It did not work.
3. It broke down soon after purchase.
4. The product was not as described in the sales literature.

### Customer service problems

A cardholder may have purchased a product/service and:

1. It was not delivered.
2. They were charged incorrectly for it.
3. They were charged more than once.
4. They were charged in the wrong currency (not the currency on their receipt).
5. There were errors in the addition of the total amount billed to them.
6. A retrieval request/RFI has not been responded to or the information provided is insufficient to justify the debit to the cardholder.
7. The cardholder has already/since paid by other means.
8. The merchant has not supplied sufficient proof that the goods were despatched.
9. The cardholder is in a legal dispute with the merchant.

**Note:** It is important that you provide as much information as possible when responding to a dispute and that all documentation is legible and given within the time frame stipulated.

## Refund problems

A cardholder may have purchased a product/service and:

1. They were promised a refund and did not receive one.
2. The transaction was an advance booking and the cardholder did not arrive to receive the service or cancelled within the period permitted.
3. The cardholder has returned the goods to the merchant.
4. It was part of a recurring billing authority that had been cancelled.
5. They paid a deposit but have since cancelled the order.
6. They were promised a refund but instead were charged again (credit erroneously posted as a sale).

## Processing problems

A transaction may have been processed where:

1. The expiry date on the card had passed.
2. The total amount of the sale was split into two or more parts to obtain authorisation (split sale).
3. The cardholder was debited more than once.
4. There was a miss-post (the wrong card was debited).
5. The card was accepted before its valid date.
6. The card number is incorrect and cannot be applied to an existing account.

## Responding to a disputed transaction

Responding to a disputed transaction is also known as a Representment. To respond to a disputed transaction the cardholder's issuing bank requires compelling evidence to reverse the dispute and close the case with the card schemes. All compelling evidence should be sent to [disputes@cashflows.com](mailto:disputes@cashflows.com) where we will submit a response to the dispute case. For further details on what compelling evidence you need to provide, please refer to [Appendix B: Compelling Evidence](#).

### How long do I have to response to a disputed transaction or a retrieval request?

**Important update:** In response to the COVID-19 pandemic Cashflows is, with immediate effect, increasing the number of days you have to respond to Dispute, Chargeback or Retrieval requests from 7 to 14 calendar days.

From the date that the retrieval request or dispute appears in your merchant account you have 14 calendar days to respond to it formally and provide supporting documentation/compelling evidence. If you fail to do this within 14 calendar days, you may forfeit the right to response to a disputed transaction due to the timescale of processing the dispute case.

**Note:** disputes can be avoided only if you have provided proof that the genuine cardholder received all the goods or services ordered, in perfect condition. This includes, but is not limited to, proof of delivery signed by the cardholder.

### What should I do if I do not have supporting defence evidence?

Please don't simply ignore any disputed transaction and provide whatever information you must enable us to defend your case. In addition, you may choose to contact the cardholder/customer directly to address any issues or inquiries they have.

May I issue a refund for a transaction where I have received a retrieval request or a dispute/chargeback? You can refund a retrieval request however; you **cannot** refund a dispute/chargeback, as it may lead to a 'refund dispute/chargeback' and because the transaction has entered the dispute management process the cardholder would have already had their funds returned.

### Do all disputes/chargebacks start with a retrieval request?

No. Issuing banks are not required to submit retrieval requests prior to them disputing a transaction.  
What compelling evidence is required to respond to a disputed transaction?

In order for you to create a defence case for a disputed transaction, the following details must be provided to [disputes@cashflows.com](mailto:disputes@cashflows.com) within 14 calendar days of the dispute being raised.

1. A scanned document (referred to as a "sub draft") showing the card holder's information (name, address, obfuscated card number, expiry date, CVV response, phone number, email address, IP Address, etc.) and a description of the goods or services provided for this transaction.
2. Any of these additional items if provided are likely to increase your chances of winning your defence case:
  - A copy of a paper sales draft showing the card holder's signature.
  - A legible photocopy of the card holder's passport or driver's licence.
3. Any additional proof of the order authorisation or fulfilment/delivery of the goods/service.

For further details on what compelling evidence you need to provide, please refer to [Appendix B: Compelling Evidence](#).

## How do I submit supporting defence evidence?

You can email your supporting defence evidence to enable us to respond to a dispute by email the information to [disputes@cashflows.com](mailto:disputes@cashflows.com). Supporting defence evidence may include correspondence, sales drafts, receipts, or any other information that can be imaged and saved as a TIFF or JPEG object, or as a PDF file. We would recommend a single PDF document containing of the compelling evidence. The maximum file size for a single PDF document that can be added to a case is **2MB**; JPEG and TIFF has a limit of 10MB.

You will be notified, with reason, if your support defence evidence is rejected by our Dispute Management team.

## How do I know if my supporting defence evidence is sufficient?

We notify you by email of the receipt of your supporting defence evidence and advise you whether the information provided is sufficient or if we require additional information to enable us successfully to represent your case against the disputed transaction.

## How do I know if we have won or lost a dispute case?

Unfortunately, Card Schemes do not provide details regarding each dispute case, therefore the only way of telling if your defence was successful is that you have not received a second chargeback in 30 days or pre-arbitration in 30 days after the date that your defence evidence was submitted.

## What compelling evidence is required to defend a second chargeback or pre-arbitration?

Reversing a second chargeback or pre-arbitration case is both hard and rare. We will defend a case made in good faith with substantial dispute collateral. Present your compelling evidence via email to [disputes@cashflows.com](mailto:disputes@cashflows.com) for special consideration if you believe your case is valid.

For further details on what compelling evidence you need to provide, please refer to [Appendix B: Compelling Evidence – Pre-arbitration](#)

Important:

Please note that if you wish to respond to pre-arbitration, the case will need to be filed directly to Arbitration. This will require a fee of 500.00 USD per transaction to be placed within your security account awaiting the outcome of the case. If this is successfully defended the funds will be returned. Failure to successfully defend an arbitration will result in the 500.00 USD being paid to Visa.

Please be aware if no dispute response is received within 7 working days from this notification, under the new Visa VCR (Visa Claims Resolution) rules, the dispute will be accepted on your behalf.

## Currency differences between the transaction and the dispute

This may happen infrequently, and the card schemes are providing measures to reduce these cases further, however; according to the card scheme rules the merchant is required to absorb the foreign currency exchange loss on any international transaction.

## The good faith/collection assistance process

Once the dispute process has been completed, or the card scheme time scales have expired, there is no further recourse to the card issuing bank. However, there may be reasons, outside the card scheme rules and regulations, where we would wish the issuing bank to reconsider the circumstances surrounding a disputed transaction.

This can be achieved by a good faith/collection assistance attempt, which is a letter to the card issuing bank, with supporting documentation, requesting that it reconsider its decision. The card issuing bank is not obliged to view the case, make payment, or even reply to a good faith/collection assistance request. This option is considered a last resort and can only be considered if you can provide evidence that the dispute is invalid or that you have corrected the original issue.

CashFlows helps to meet card scheme rules and to mitigate exposure to any fraud by automatically blocking all new transactions for a card number previously reported as fraud or has been disputed for a fraud reason.



## How you can help yourself

It is not possible for you to avoid disputed transactions completely. However, the following tips could help you reduce the number of retrieval requests and disputes/chargebacks you may receive. To help in the prevention of disputed transactions, we recommend that you follow the guidelines below. If you fail to follow these recommendations your transactions are more likely to be rejected or in due course disputed.

### General

1. Ensure that you have read and understood your supplier agreement.
2. Double check all details for transactions.
3. Supply as much information as possible when you receive a request for information.

### Website requirements

Your website should display the following information:

1. A complete description of the goods and services offered
2. Details of your returns/refund policy
3. Customer service contact, including email address, phone number, and address
4. Transaction currencies in which you can transact
5. Export restrictions (if known)
6. Delivery methods and timing

### Delivery of your product/service

You should retain documentary evidence of the delivery, together with a description of the goods/services supplied, for a minimum of 12 months.

Do not despatch goods by whatever means (including online delivery) to a third-party address (that is, an address other than the cardholder's address) – this is considered very high risk. When delivering the goods, obtain the cardholder's signature to show proof of delivery. If possible, take an imprint of the card at this point.

### Product quality/customer service/refund policy

You should ensure that:

1. Your products are of high quality and reflect any undertakings or advertised qualities and claims made in your sales literature
2. Delivery of your product/service is prompt and within the timescales advised to the cardholder
3. All cardholder charges are "quality checked"
4. You have a refund policy and honour it
5. You respond quickly to retrieval requests and disputes/chargebacks

### Enabling 3D Secure for online transactions

To prevent you receiving disputed transactions for fraud reasons, we strongly recommend that use '3D Secure' to authenticate the cardholder when they are making an online transaction. If the cardholder has been authenticated, then the cardholder's issuing bank is liable for all fraud disputes. To enable 3D secure, please contact [support@cashflows.com](mailto:support@cashflows.com) and your Gateway provider.

## Refunding a transaction

You can refund a transaction; however, once you receive a dispute/chargeback, it is too late to refund the transaction. If you do so you risk losing the money twice. It is also a breach of card scheme rules to issue a refund for a transaction that has entered the dispute/chargeback process.

## Practical advice on avoiding fraudulent disputes

There are a number of things that you can do to reduce your risk.

1. Arrange for customer to set up an account first and either check with the issuing bank of the credit card that the provided address is correct or have the customer fax a copy of their latest credit card statement and/or passport/driving licence.
2. Verify the use of the credit card to the customer's actual postal address by other means than email, such as a letter, phone call, fax, or SMS message, to reduce the level of fraud risk.
3. Implement a rule-based order-checking system to eliminate typical scams from your web site.
4. Use AVS or a third-party address-checking system (e.g., Equifax, 192.com) to ensure the customer's address is verified. Avoid shipping to an address different from the billing address.
5. If you must send goods to a shipping address that is different from the mailing address associated to the consumer's credit card, we suggest that you call the consumer and have them fax a copy of at least one bill from the address, or a copy of the driver's licence of someone who lives at the address that was provided. We recommend that you never ship to P.O boxes.
6. Check each transaction against previous transactions for a given credit card and check for any anomalies.
7. Avoid shipping to countries such as those with known high levels of fraud (see *high-risk countries*).
8. When delivering goods, obtain the cardholder's signature to show proof of delivery. If possible, take an imprint of the card at this point.
9. Retain documentary evidence of the delivery, together with a description of the goods/services supplied, for a minimum of 12 months.

## Enable Dispute Emails

To help you manage your transactions you can receive email notification when a transaction has been disputed.

When a transaction has been disputed you will receive an email for the following types of dispute:

- High Risk Warning
- Copy Request/ Request for Information (RFI)
- Chargeback
- Dispute
- Representment
- Dispute Response
- Chargeback reversal
- Dispute reversal

The following example shows the details of the plain text 'Chargeback Notification' email including the original transaction details associated with the Chargeback request.

**Subject:** Notification of a Chargeback  
 A Chargeback has been processed against your CashFlows profile - 'Test':

Chargeback Transaction Id: 01F00000238  
 Amount: £51.34 Chargeback Reason: (75) Transaction Not Recognized

Original transaction details:

Transaction Id: 01S00000237  
 CartId: myId-TSTCartId  
 Description: Testing Notifications  
 Shopper's Name: John Smith  
 Shopper's Email address: xxxxxxxxxxxx@cashflows.com AVS results: Address - Matched, Postcode - Matched  
 CVV/Security Code result: Matched  
 3D Secure authentication result: 6 - Attempted Authentication  
 To defend the chargeback, the card issuer requires additional information stating that the cardholder recognises the transaction and no longer wishes to raise a dispute.

You will need to provide us with this supporting documentation within 7 days of receiving the chargeback.

For details about how to defend against a chargeback, please refer to the Chargeback & Anti-fraud guide available at: <http://support.cashflows.com/guides/>

For further information about fighting fraud and reducing the risk of a chargebacks, please visit: <http://support.cashflows.com/reducing-fraud.php>

Figure: Notification of a Chargeback Email Example

**Subject:** Notification of a disputed transaction - Fraud / Authorisation Error  
 A transaction has been disputed against your CashFlows Merchant Account - 'TESTO LIMITED PROFILE1' (527):  
 Dispute Transaction Id: 01F00003106  
 Amount: £10.00  
 Dispute Case No.: 328578329  
 Dispute Reason: (1) Fraud

Original transaction details:

Transaction Id: 01S000030D0  
 Amount: £10.00  
 CartId: 15315/000306/52712  
 Description: test  
 Shopper's Name: Mr t Tester  
 Shopper's Email address: mark.hall@cashflows.com  
 AVS results: Address - Matched, Postcode - Matched  
 CVV/Security Code result: Matched

To response to this dispute, we will require strong defence material in order to raise a Pre-Arbitration case on your behalf. Please provide us with this supporting defence documentation within 7 days of receiving the dispute to provide us time to create your case.

For details about the dispute management process, please refer to the Dispute Management & Anti-fraud guide available at: <https://www.cashflows.com/user-and-integration-guides>

For further information about fighting fraud and reducing the risk of a dispute, please visit: <https://www.cashflows.com/fighting-fraud-reducingchargebacks>

Figure: Notification of a Dispute Email Example

To enable your dispute emails, you must contact our Support Team at: [support@cashflows.com](mailto:support@cashflows.com) and provide us with a specific email address that you wish the dispute emails to be sent to.

### **Refund transactions that a 'High Risk Warning'**

If a cardholder goes to their issuing bank and reports a fraudulent transaction on their account, rather than receiving an immediate dispute/chargeback, we may receive a Fraud Report (Visa's TC40 message/Mastercard's SAFE message) from the card schemes and flag the transaction with a 'High Risk

Warning'. This provides your business an opportunity to proactively refund the transaction and maintain low dispute/chargeback ratios.

A transaction being refunded does not guarantee there will not be a subsequent dispute/chargeback however, it reduces the chance that a subsequent dispute/chargeback will be issued.

Where a Visa transaction has been fully refunded the issuer will no longer be able to raise a Dispute. For a Mastercard transaction issuers may still raise a chargeback on a fully refunded transaction, however we will automatically represent this chargeback..

### **Review transactions manually-identifying risky transactions**

Often, the most effective tool against transaction fraud is to review each transaction manually. The following unusual circumstances may indicate a transaction fraud:

1. Being requested to ship orders outside your own country, especially to known centres of internet credit card fraud such as the ex-eastern bloc or developing countries with undeveloped banking systems.
2. Orders that are outside your norm, for example multiple purchases of an item normally only ordered once (e.g., 10 copies of the latest Now Hits CD or even 2 television sets) or purchases that vastly exceed the average value of normal orders. Where you have regular purchasers, you should also query orders outside their norm.
3. You should be wary of orders placed by purchasers in the middle of the (their) night. Again, some of these may be legitimate, but some may lead to a dispute/chargeback.
4. A customer ordering unusually large amounts of an item without any preference for the size, colour, make, or model.
5. An existing customer who suddenly orders a substantial volume of goods.
6. A customer who provides you with more than one card to cover one order or a set of orders.
7. A customer who orders more than once in a given day.
8. A first-time customer ordering a number of goods quickly.
9. A number of large orders from customers at a trade show.
10. A customer who has attempted the same transaction more than once, with the card failing at the first attempt.
11. A customer who refuses to confirm their credit/debit card and billing address details.
12. Avoid free email addresses such as hotmail.com and yahoo.com as much as possible, as they cannot be traced back to the owner.
13. Unusual origins, e.g., a US-issued card is offered during a session from an Egyptian-based customer with a delivery address in Italy.
14. Re-tries, in which a person enters multiple credit card numbers until an authorisation is obtained.

## High-risk countries

Customers who have purchased their goods/services from or request delivery to one of the following countries carry a higher risk of fraud or other financial crime.

High Risk Countries			
Afghanistan	Albania	Algeria	Angola
Armenia	Azerbaijan	Belarus	Bosnia-Herzegovina
Bulgaria	Burundi	Cambodia	Congo Brazzaville
Croatia	Cuba	Ecuador	Egypt
Eritrea	Ethiopia	Georgia	Guatemala
Haiti	Indonesia	Iran	Iraq
Israel	Kazakhstan	Kirghizstan	Laos
Liberia	Libya	Macedonia	Malaysia
Moldova	Mongolia	Myanmar (Burma)	Nigeria
North Korea	Pakistan	Philippines	Republic of Central Africa
Romania	Russian Federation	Rwanda	Sierra Leone
Sudan	Surinam	Tajikistan	Turkmenistan
Ukraine	Uzbekistan/ouzbekist	Yemen	Yugoslavia
Zaire	Zimbabwe		

To help reduce the risk of fraud and chargebacks to your business, we provide a range of services and procedures including a way to block transaction from specific country IP ranges.

## Country Restrictions

There are three levels of country blocking:

**System wide** – This level is controlled by our own rules on risk across all merchants. All sanctioned countries (under OFAC & Bank of England rules) are automatically blocked on all accounts.

If the transaction passes the system wide check it moves on to:

**Business level** – CashFlows use this level to create specific risk country rules for your business.

If the transaction is still to be processed after this, it goes on to

**Profile level** – This level allows you to create your own country rules.

The system will check three country codes for each transaction - the country the user gave for their billing address, the country the card was issued in (if known), and the registered country for the IP address of the user (if known). Checks at each of the above levels are done for each of these country codes.

The rules for a country can be:

Allow

Block

Country match

Region match

Country match means that the Billing country, Card country and IP country must all match Region match

means that the Billing country, Card country and IP country must all be from the same region (e.g. Europe) The checks will be processed until either all nine possible checks have been completed, or until one of the checks results in the transaction being blocked.

Examples of Country Control checks:

**Billing = US, Card = US, IP = FR**

Rules for US may be set to allow

Rules for FR may be set to block

This will result in the transaction being blocked (the IP address was from FR)

**Billing = GB, Card = GB, IP = FR**

Rules for GB = Country match

Rules for FR = Allow

Transaction blocked (country match triggered on GB, IP address does not match)

**Billing = GB, Card = GB, IP = FR**

Rules for GB = Region match

Rules for FR = Allow

Transaction allowed (Region match triggered on GB. GB and FR both in Europe)

To have your risk country rules enabled, please send your requirements to our support team at  
[support@cashflows.com](mailto:support@cashflows.com)

## Appendix A: Dispute/chargeback reason codes

Code	Description	Compelling Evidence
<b>Mastercard Codes</b>		
4808	Requested/required authorization not obtained	Proof of transaction provided by Cashflows and Automatically represented by Cashflows.
4812	Account number was not on file	No Representment Defence
4831	Transaction amount differs	Proof of sales amount and correct currency of the transaction. Require cardholder dispute documentation (for example, cardholder's final bill/receipt) in the first chargeback
4834	Duplicate processing	Proof of individual sales and receipt of goods for the duplicate. Require cardholder dispute documentation (for example, cardholder's final bill/receipt) in the first chargeback.
4837	Fraudulent transaction; no cardholder authorization	Refer to <a href="#">Appendix B: Compelling Evidence</a> For second representment conditions under chargeback reason 4837 are not applicable (No Cardholder Authorization). Brand new information of merchant name/location/dates as a potential remedy to this chargeback cannot be supplied
4841	Cancelled recurring transaction	For recurring transactions, all of the following: a. Evidence of a legally binding contract held between the merchant and the cardholder; b. Proof the cardholder is using the merchandise/ service; and c. Evidence of a previous transaction that was not disputed subject to cancellation date provided by the card issuer Or d. Cardholder signed letter stating services were not cancelled or e. Evidence to show transaction was E-commerce and not recurring.
4842	Late presentment	No Representment Defence
4853	Cardholder Dispute Defective/Not as Described	Refer to <a href="#">Appendix B: Compelling Evidence</a>
4855	Non-receipt of merchandise	Refer to <a href="#">Appendix B: Compelling Evidence</a>
4859	Services not rendered	Refer to <a href="#">Appendix B: Compelling Evidence</a>

4860	Credit not processed	<p>Proof of refund or evidence of shopper satisfaction with the goods or services.</p> <p>Evidence to show all the following:</p> <ul style="list-style-type: none"> <li>• The name of the customer</li> <li>• Details of the goods or services that have been provided</li> <li>• The date the goods or services were provided</li> <li>• Your outlet name if it's different to what's on the customer's statement</li> <li>• Substitute draft from your merchant account</li> </ul>
4863	Cardholder does not recognize - Potential fraud	<p>Mastercard requirement: cardholder letter or email as supporting documentation in first chargebacks for chargeback reason code 4863 (Cardholder Does Not Recognize). Documentation must be a direct result of cardholder communication.</p> <ul style="list-style-type: none"> <li>• Any other customer details including IP etc.</li> </ul> <p>Refer to <a href="#">Appendix B: Compelling Evidence</a></p>
0000	No reason specified	<p>Temporary Code used prior to receiving late notification from the card scheme of the actual chargeback reason.</p>

Fraud		
10.1	EMV Liability Shift Counterfeit Fraud	You are unable to respond with any compelling evidence to a dispute with this reason code.
10.2	EMV Liability Shift Non-Counterfeit Fraud	You are unable to respond with any compelling evidence to a dispute with this reason code.
10.3	Other Fraud - Card Present Environment	To raise a pre-arbitration, you will need to provide additional compelling evidence, please refer to <a href="#">Appendix B: Compelling Evidence – Pre-arbitration</a>
10.4	Other Fraud - Card Absent Environment	To raise a pre-arbitration, you will need to provide additional compelling evidence, please refer to <a href="#">Appendix B: Compelling Evidence – Pre-arbitration</a>

## 10.5 Visa Fraud Monitoring Program

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction

Refer to [Appendix B: Compelling Evidence](#)

**Authorization**

## 11.1 Card Recovery Bulletin

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction

Refer to [Appendix B: Compelling Evidence](#)

## 11.2 Declined Authorization

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction
- Refer to [Appendix B: Compelling Evidence](#)

## 11.3 No Authorization

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction
- Evidence that the Transaction Date in the Clearing Record was incorrect and that Authorization was obtained on the actual Transaction Date.
- Refer to [Appendix B: Compelling Evidence](#)

## Processing Errors

### 12.1 Late Presentment

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction
- The Transaction Receipt or other record with a Transaction Date that disproves late Presentment

Refer to [Appendix B: Compelling Evidence](#)

### 12.2 Incorrect Transaction Code

- For a credit processed as a debit or a debit processed as a credit, either:
  - Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute o Transaction Receipt or other record that proves that the Transaction code was correct
- For a refund that was processed instead of a Reversal or an Adjustment, either:
  - Evidence that a Reversal issued by the Merchant was not addressed by the Issuer in the Dispute o Explanation of why a refund was processed instead of a Reversal or an Adjustment

### 12.3 Incorrect Currency

Proof of sales amount and correct currency of the transaction.

### 12.4 Incorrect Account Number

Proof of sales amount and correct currency of the transaction.

### 12.5 Incorrect Amount

Transaction Receipt or other record to prove that the Transaction amount was correct.

### 12.6 Duplicate Processing/Paid by Other Means

Separate signed or imprinted Transaction Receipts or other record to prove that separate Transactions were processed.

Documentation to prove that the Merchant did not receive payment by other means for the same merchandise or service.

## 12.7 Invalid Data

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction
- The Authorization did not contain invalid data.

Refer to [Appendix B: Compelling Evidence](#)

**Customer Dispute**

## 13.1 Merchandise/Services Not Received

Refer to [Appendix B: Compelling Evidence](#)

## 13.2 Cancelled Recurring

For recurring transactions, all of the following:

- Evidence of a legally binding contract held between the merchant and the cardholder;
- Proof the cardholder is using the merchandise/ service; and
- Evidence of a previous transaction that was not disputed subject to cancellation date provided by the card issuer

Or

- Cardholder signed letter stating services were not cancelled or
- Evidence to show transaction was E-commerce and not recurring.

## 13.3 Not as Described or Defective Merchandise/Services

Refer to [Appendix B: Compelling Evidence](#)

## 13.4 Counterfeit Merchandise

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction
- Documentation to support the Merchant's claim that the merchandise was not counterfeit

Refer to [Appendix B: Compelling Evidence](#)

13.5	Misrepresentation	<ul style="list-style-type: none"> <li>• Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute</li> <li>• Evidence that the Dispute is invalid</li> <li>• Evidence that the Cardholder no longer disputes the Transaction</li> <li>• Documentation to prove that the terms of sale were not misrepresented</li> </ul> <p>Refer to <a href="#">Appendix B: Compelling Evidence</a></p>
13.6	Credit Not Processed	Proof of refund or evidence of shopper satisfaction with the goods or services.
13.7	Cancelled Merchandise/Services	<ul style="list-style-type: none"> <li>• Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute</li> <li>• Evidence that the Dispute is invalid</li> <li>• Evidence that the Cardholder no longer disputes the Transaction</li> <li>• The Transaction Receipt or other record to prove that the Merchant properly disclosed a limited return or cancellation policy at the time of the Transaction</li> <li>• Evidence to demonstrate that the Cardholder received the Merchant's cancellation or return policy and did not cancel according to the disclosed policy</li> </ul> <p>Refer to <a href="#">Appendix B: Compelling Evidence</a></p>
13.8	Original Credit Transaction Not Accepted	<ul style="list-style-type: none"> <li>• Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute</li> <li>• Evidence that the Dispute is invalid</li> </ul> <p>Refer to <a href="#">Appendix B: Compelling Evidence</a></p>
13.9	Non-Receipt of Cash or Load Transaction Value	<ul style="list-style-type: none"> <li>• Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute</li> <li>• Evidence that the Dispute is invalid</li> <li>• Evidence that the Cardholder no longer disputes the Transaction</li> </ul> <p>Refer to <a href="#">Appendix B: Compelling Evidence</a></p>

## Appendix B: Compelling evidence

To support a dispute response or Representation the following details outlines the standard supporting documentation requirements:

- Documentation to prove a link between the person receiving the merchandise and the Cardholder or to prove that the Cardholder disputing the transaction is in possession of the merchandise.
- For a Transaction in a Card-Absent Environment in which the merchandise is collected from the Merchant's location, any of the following:
  - Cardholder signature on the pick-up form;
  - Copy of identification presented by the Cardholder; or
  - Details of identification presented by the Cardholder.
- For a Transaction in a Card-Absent Environment in which the merchandise is delivered, documentation (evidence of delivery and time delivered) that the item was delivered to the same physical address (must show full postal address on tracking and not just the post code/zip code) for which the Merchant received an Address Verification Service match. A signature can be provided as evidence of delivery.
- For a Transaction in which merchandise was delivered to a business address, documentation to show that the merchandise was delivered and that, at the time of delivery, the Cardholder was working for the company at that business address. A signature can be provided as evidence of delivery.
- For a Transaction in a Card-Absent Environment, documentation to show that the Transaction uses an IP address, e-mail address, address and telephone number that had been used in a previous, undisputed Transaction.
- Evidence that the person who signed for the merchandise was authorised to sign for the cardholder or is known by the cardholder i.e. cardholder signed declaration authorising the signatory.
- Evidence that the Transaction was completed by a member of the Cardholder's household or family.
- Evidence of customer satisfaction of the purchased product/service i.e. signed proof of the completion of work carried out.
- For electronic commerce digital downloads from a merchant's website/ application, include the description of the goods/services along with the date/time they were downloaded, as well all of the following:
  - Purchaser's IP address and the device's geographical location
  - Purchaser's name and e-mail address linked to the customer profile held by the merchant
  - Proof that the merchant's website was accessed by the cardholder for goods or services after the disputed transaction date
  - Evidence that the same device and card used in the disputed transaction was used in any previous transaction that was not disputed

### Pre-Arbitration Compelling Evidence

To support us in raising a pre-arbitration on your behalf one of the following supporting evidence is required:

- Evidence that a credit or Reversal issued by the Merchant was not addressed by the Issuer in the Dispute
- Evidence that the Dispute is invalid
- Evidence that the Cardholder no longer disputes the Transaction
- That the Transaction Date in the Clearing Record was incorrect, and that Authorization was obtained on the correct date.

## Appendix C: Card scheme rules

This information is intended to summarise the primary Rules and regulations contained in the International Operating Regulations of the Card Schemes as amended from time to time (the "Rules") so as to enable Merchants to operate within those Rules. For the avoidance of doubt, the Rules always prevail over this information in the event of any dispute.

The Card Schemes have the right, either in law or in equity, to enforce any one of the Rules pertaining to the relevant Card Scheme and to prohibit conduct that creates a risk of injury to that Card Scheme or which may adversely affect the integrity of that Card Scheme's systems, information, or both.

### Display of Card Scheme symbols

Merchants should display and exhibit (and keep displayed and exhibited) to the public at each of their points of sale world-wide at which cards are accepted for payment for product(s), such identification symbols or decals as are approved or supplied by the Bank/Processor from time to time.

### Cardholder authority

Merchants should always obtain authority to debit the cardholder's account for each sale. It is Merchants sole responsibility to procure the authority of the cardholder and the Merchants are responsible for producing evidence satisfactory to the Bank/Processor that authority was obtained for debiting the cardholder's account.

Merchants should retain documentary evidence of dispatch of the approved product(s) purchased. The acceptance of cardholder not present card transactions does not guarantee payment from the Bank/Processor whether authorisation has been granted by the Card Scheme or a card issuer for any particular sale.

### Stored Credentials & Recurring/Instalment Payments

A stored credential is information (including, but not limited to, an account number or payment token) that is stored by the merchant to be used for the following type of *transactions*:

**Recurring** – A transaction in a series of transactions processed for the purchase of goods or services provided at regular or fixed intervals.

**Instalment** – A transaction in a series of transactions processed over a set period and number of payments for a single purchase of goods or services.

**Unscheduled credential on File (UCOF)** - A transaction using a stored credential for a fixed or variable amount which is not part of a scheduled or regular agreement but where the cardholder has provided consent for the merchant to initiate one or more future transactions.

**Cardholder initiated credential on file (CIT COF)** - A transaction using a stored credential for a fixed or variable amount which is not part of a scheduled or regular agreement but where the cardholder themselves initiates the payment.

When capturing a Stored Credential for the first time, the Merchant must establish an agreement with the Cardholder that contains all the following:

- A truncated version of the Stored Credential (for example: last 4 digits of the Account Number), as it may be updated from time to time
- How the Cardholder will be notified of any changes to the agreement

- How the Stored Credential will be used
- The expiration date of the agreement, if applicable

Merchants taking a recurring, instalment or Unscheduled credential on File payments must obtain the cardholder's express consent and inform the cardholder the exact details of the agreement including:

- The Transaction amount and currency (including all associated taxes and charges) or a description of how the Transaction amount will be determined
- Whether the amount is fixed or variable
- The Schedules date(s) of the Recurring / Instalment Payment
- Whether the Schedules date(s) are fixed or variable
- Cancellation and refund policies
- For Recurring Transactions, the fixed dates or intervals on which the Transactions will be processed.
- For Instalment Transactions, the total purchase price and the terms of future payments, including the dates, amounts, and currency
- For Unscheduled Credential-on-File Transactions, the event that will prompt the Transaction (for example: if the Cardholder's balance falls below a certain amount)

Any changes to a cardholder's Payment Agreement must also be communicated at least seven working days prior to the next payment being taken. You must communicate to cardholder in any of the following situations:

- More than six months have elapsed since the last payment
- A trial period, introductory offer or promotional activity has expired

There are changes to the Recurring/Instalment Agreement: - any change to the amount of the Payment and/or - any change to the date of the Payment

### **Terms and conditions of sale**

Merchants should always clearly display at their points of sale the terms and conditions of sale. In addition, the Merchant should always display in a prominent position at its points of sale a complete and accurate description of the approved product(s) offered for sale or supplied by the Merchant and the nature of the commitment that the cardholder is assuming.

Merchant points of sale should contain clear details and information about customer service, its contact details (including legal name, trading name, legal address, business address, email, phone and fax), currencies accepted, its delivery policy and the country of its domicile and registration (if applicable) and its refund/returns policy. Merchants should also comply with all requirements and guidelines in respect of Internet payments issued by the Bank/Processor or any Card Scheme together with all legal and regulatory requirements that apply from time to time.

Merchants should clearly inform the cardholder that they are committing to payment before they select to continue with any action that should result in a payment to the Merchant. Merchants should afford the cardholder an unambiguous option to cancel the payment at this juncture. The Bank/Processor may investigate any complaint, which it receives from a cardholder about the Merchant and should be entitled to require that the Merchant amends and/or clarify the terms and conditions of sale immediately upon the receipt of a notice from the Bank/Processor to this effect. If the Merchant processes recurring sales the Merchant should offer an online cancellation facility to cardholders. Merchants should notify cardholders at the outset that subsequent charges will be debited to their card for such recurring payments.

## No discriminatory surcharges

Merchants should not directly or indirectly require any cardholder to pay a surcharge, to pay any part of the fees or Merchant Service Charge, whether through any increase in price or otherwise, or to pay any separate charge in connection with the transaction in which a card is used. A surcharge is any fee, charged directly or indirectly, deemed by the Card Schemes to be associated with the use of a card that is not charged if another payment method is used.

Merchants may not engage in acceptance practices that discriminate against or discourage the use of a specific card brand in favour of any other card brand or payment method that is also accepted.

## Fee Assessments

Excessive levels of chargebacks and disputes are subject to Fee Assessments. For further information, please refer to our Merchant Monitoring Program.

## Refunds

Refunds (in any form) are not permitted to Mastercard or Visa cards for gaming transactions.

Refunds to a card, when there has been no corresponding sale on that same card are not permitted under the Card Scheme Rules. The Merchant should only process Refunds where there is a corresponding sale and then only up to the value of that sale and no more.

Refunds should only be made to the card upon which the original sale was debited and not to any other card.

Each Refund must be processed in the original sale currency and to the value of the original sale or part thereof (at the rate of exchange prevailing at the time of the Refund as advised by the Bank/Processor if applicable).

## Transaction invalidity, chargebacks, disputed sales and time limitations

The card Issuer reserves the right not to honour transactions from the Merchant, for instances when the submission provided by the Merchant to the Bank/Processor does not comply with the specifications referred to in the Card Scheme Rules.

A sale may be invalid if:

- It is split into two or more connected sales; or
- Incurred where the cardholder to whose account that charge is made disputes in writing to their card Issuer, the authenticity of the sale; or
- In respect of which the original Receipt or copy thereof was requested in writing by the Bank/Processor but not supplied by the Merchant within a reasonable timescale; or
- Product(s) were not dispatched to the address held on file by the card Issuer and the cardholder disputes in writing the receipt of such product(s); or
- The copy of the sale receipt presented to the Bank/Processor is incompatible with the copy of the sale receipt provided to the cardholder; or
- Previously submitted to the Bank/Processor (duplicates); or
- The card has expired or not yet become valid at the time of the sale; or
- It does not contain a valid card account number assigned by the appropriate Issuer; or
- Submitted in an illegible or improperly formatted manner; or
- In violation of the law or currency regulations as applied to cards in the country in which and at the time that the transaction was incurred; or
- The amount of the sale does not agree with the sum of the individual approved product(s) purchased;

or

- A receipt is issued which is for any reason illegal, unenforceable, or of no legal effect; or
- Presented to the Bank/Processor in a currency other than that of the original sale; or
- The Merchant is unable to prove to the satisfaction of the Bank/Processor that the debit of the cardholder's relevant account was authorised by the cardholder; or
- The Merchant has not provided the product(s) purchased by the cardholder; or
- (In the card Issuer's exclusive opinion) the Merchant has not supplied the product(s) as advertised;
- or
- (In the card Issuer's exclusive opinion) the product(s) supplied was not of merchantable quality or fit for their intended purpose.

A dispute/chargeback is possible from the date of the initial sale until 100 days after the date the consumer should have received everything they paid for (this may be a date after the date of the initial sale). For example, if a consumer pays for a holiday on 1st February 2020 and the Holiday is for 2 weeks starting 14th July 2020 and finishing 1st August 2020 they can dispute the transaction until 1st February 2020 (100 days after their holiday would have completed). This is why Banks/Processors see future delivery as riskier.

In the event that the total value of invalid transactions effected by the Merchant exceeds a level that the Bank/Processor considers excessive or unreasonable, the Bank/Processor usually reserves the right to dispute the total value of the invalid transactions and/or terminate the Merchant Agreement.

Where required the Merchant should provide reasonable and timely co-operation (including access to the Merchant's related records) with any enquiries from the Bank/Processor, the Bank/Processor's authorised agents, the police or other official investigators regarding suspected fraud.

The decision as to whether a dispute stands as valid is solely that of the card Issuer and such decision may be conclusive as to the determination of any dispute.

If the Merchant fails to notify the Bank/Processor of the response to a dispute within the specified period, of receipt of the Bank/Processor's notice, the Bank/Processor may pass the debit to the Merchant and the Merchant forfeits their right of dispute.

### **Merchant Monitoring Programs**

The major card schemes all impose additional fee assessments for merchants with excessive chargebacks/disputes. They do this because "trust" in their brand by cardholders is vital to the continued success of their brands.

Cashflows strongly recommend all Merchants read the following guides which are available online:

[http://www.Mastercard.com/us/merchant/pdf/BM-Entire\\_Manual\\_public.pdf](http://www.Mastercard.com/us/merchant/pdf/BM-Entire_Manual_public.pdf)

[http://usa.visa.com/merchants/operations/chargebacks\\_dispute\\_resolution/index.html](http://usa.visa.com/merchants/operations/chargebacks_dispute_resolution/index.html)