How You Can Avoid The Ten Costliest Chargebacks

This guide was designed to assist your business in handling and preventing chargebacks.

1 Failure of merchant to respond to a retrieval request

This is the single most frequent cause of chargebacks. Fortunately, this is often the easiest to prevent. Simply keep copies of the sales transaction and respond to any and all "Media" or "Retrieval" requests by sending copies of sales drafts **immediately!**
Reason Codes: 01 / 26 / 79

2 Cardholder was billed more than once for the same transaction

To avoid duplicate processing, reconcile your batches daily and ensure that the register/terminal totals match the credit card receipts for the day. If you do receive a legitimate duplicate processing chargeback, do not issue a direct credit to the cardholder - the credit will automatically be applied.
Reason Codes: 24 / 25 / 30 / 34 / 59 / 82

3 Cardholder denies making CARD PRESENT transaction

Make sure all transactions are magnetically swiped or imprinted. The sales slip must include both a cardholder signature and the card account number to be valid. The account number must be obtained directly from an imprint of the card itself or from electronically reading the magnetic stripe. Manually entering the account number does not protect you from a no-imprint chargeback even if the sales slip is signed.
Reason Codes: 23 / 37 / 81 / 84

4 Cardholder denies making CARD NOT PRESENT transaction

When non face-to-face, "card not present" transactions take place, you lose the ability to magnetically "swipe" the credit card through a terminal reader, thus increasing the chance for a chargeback. Remember, an authorization and/or an approval code only indicates the availability of the cardholder's credit at the time the authorization is requested. It does not warrant that the person providing the credit card information is the rightful cardholder, nor is it an unconditional promise or guarantee that you as a merchant will not be subject to a chargeback or a debit.
Reason Codes: 23 / 37 / 61 / 83

5 Account numbers do not match

After swiping a card, if the card number displayed does not match the number embossed on the face of the card, ask for a different form of payment. Always print and double-check the account number on all phone and mail orders. Accepting non-matching transactions will leave you vulnerable to chargebacks.
Reason Codes: 12 / 25 / 77

6 A credit/refund was not processed properly

Credits must be processed correctly and on time. Make your customers aware of your credit/refund policy at the time of purchase. Have the policy printed on your sales slips directly above the cardholder's signature in accordance with Association policy. Issue credits only to the same account numbers to which the sales were made - refunds paid in cash or merchandise, or to a different account number, will not protect you from this type of chargeback.
Reason Codes: 24 / 60 / 85

7 Failure to obtain proper authorization

Be sure to authorize all transactions, and accurately record the approval code on the sales slip. If your request for authorization is declined, do not attempt to reauthorize transactions to the same account number, as subsequent approval may not protect you from a chargeback. Information on proper voice authorization procedures may be needed for 'referral' responses.
Reason Codes: 08 / 20 / 71 / 72

8 A card was used either before or after its valid date

Never process a transaction on a card prior to, or after, the valid date. Instead, ask for a different form of payment.
Reason Codes: 22 / 23 / 32 / 35 / 58 / 73

9 Merchandise or service not received by cardholder

Sales transactions must not be processed prior to delivery of the product purchased. Proof of delivery, signed by the cardholder, should be obtained for every credit card transaction in which the merchandise or services is not delivered immediately at the point-of-sale. Such proof of delivery may be your only defense if a chargeback occurs.
Reason Codes: 24 / 55 / 90

10 Cardholder disputes quality of merchandise/services

Ensure that your customers are aware of your Return Policy at the time of purchase. Stick to your policy. Display the policy at the point-of-sale and print it on your sales slips, directly above the cardholder signature. This practice does not prevent chargebacks, but will assist in providing detail when chargebacks occur.
Reason Codes: 53 / 54 / 56

? Questions about chargebacks?

Refer to your Operations Guide, or ask to speak with a Chargeback Specialist when you call Client Services at the number listed on your statement.

Save Money-
Avoid Chargebacks

Remember, the best way to reduce the cost, time and effort associated with handling chargebacks is to prevent them right at the point of sale.

Most chargebacks result from the merchant's failure to provide a legible copy of the sales slip within the required time frame.

The sales slip is your proof of the sale and is vital protection against credit card losses. Review them daily. Keep them safe from loss or damage.

Ongoing employee training along with careful adherence to processing procedures by all personnel is critical to your profitability. Ensure that chargebacks are kept to a minimum in your business.

Please share this information with your employees - it will help teach them to protect your business from the most common types of chargebacks.

We are dedicated to providing you with the most cost effective and efficient payment processing service available. This brochure is just one way we are working to help your business.

The Ten Costliest
Chargebacks

1 Failure of merchant to respond to a retrieval request.

2 Cardholder was billed more than once for the same transaction.

3 Cardholder denies making CARD PRESENT transaction.

4 Cardholder denies making CARD NON PRESENT transaction.

5 Account numbers do not match.

6 A credit or refund was not properly processed.

7 Failure to obtain proper authorization.

8 A card was used either before or after its valid date.

9 Merchandise or service not received by cardholder.

10 Cardholder disputes quality of merchandise/services.

The
10
Costliest
Chargebacks

A Helpful Guide
to Help
You Avoid
Chargebacks