



This manual is to guide you through our Chargeback process in accordance with Mastercard®, Visa® and American Express™ scheme rules to efficiently manage our Dispute resolution service.

Chargeback Handling Manual

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1. Introduction

This guide is aimed at providing customers of eCOMM Merchant Solutions with detailed information regarding the eCOMM Chargeback process to assist you in managing your Chargebacks and minimising your exposure.

eCOMM are here to help. Once you acknowledge you have received a Chargeback notification, eCOMM will engage with Merchants to support the defence of the Chargeback.

Undefended, or late defences, may result in chargebacks being lost. Engaging with eCOMM will help avoid the loss of the transaction and incurring associated fees.

NB: Please email all documentation per case and not in bulk and always include the first and last 4 digits of the card number. This should be in PDF format and should include our dispute form:

<https://www.ecomm365.com/downloads/Chargeback-Dispute-Form.pdf>

Relevant Contact Information

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2. What is a Retrieval Request?

A retrieval request occurs when a Cardholder's bank requests a legible reproduction of the sales draft used in a transaction. Common reasons for retrieval requests are:

- *Cardholder does not recognize the transaction and information is requested from the Merchant*
- *Required for legal analysis, if a reply is not received the card issuer may send a 2nd request*

If a Cardholder approaches their card issuer to dispute a transaction on their bank statement the card issuer may raise a Retrieval Request prior to raising a chargeback. The issuing bank will raise a Retrieval Request with the Merchants Acquirer (eCOMM). The Merchant is then contacted by eCOMM requesting the merchant supply full details of the transaction within 20 days.

A retrieval request is not a Chargeback; it is a request for information to confirm validity of the transaction.

3. What is a Chargeback?

A chargeback is initiated by the issuing bank; either at the request of the Cardholder or when the issuing bank sees the need to do so via the schemes.

eCOMM are governed by scheme rules and regulations. Any Terms and Conditions you may have already in place with your customer would be overridden by these.

Common reasons for chargebacks / reversals are:

- *Fraud enquiries – cardholder denies participating or authorising a transaction*
- *Cardholder disputes the sale for reasons such as failure to receive goods or service*
- *Cardholder disputes the sale for reasons of quality*
- *Cardholder does not recognise a transaction, it may be the clearing name on the cardholders bank statement differs from the name on the receipt.*

All Merchants accepting debit and credit card payments run the risk of being liable for chargebacks. A cardholder or card Issuer has the right to question or dispute a card transaction. A chargeback can be received up to 120 days after the card transaction was taken. In the case of goods or services being delivered, a chargeback can be raised up to 120 days from agreed date of delivery. Certain exemptions to the 120 days may apply depending on the Card Scheme and the reason for the dispute.

4. Process Overview

1st Chargeback	Representment (1st Chargeback response)	Pre-Arbitration	Pre-arbitration Response	Arbitration
Cardholder initiates a chargeback through their card issuing bank (Issuer). Acquirer's account is automatically debited for the disputed amount. Acquirer in return will debit merchant's account.	Acquirer challenges / rejects the 1st Chargeback by submitting supporting documentation to the issuer. The issuer temporary reverses funds back to the acquirer's account until further review of the dispute. This credit remains permanently only if the dispute is not escalated at further stage.	Issuer rejects the Acquirer 1st Chargeback Response by filing a Pre-arbitration with additional comments and/or supporting documentation to support their cardholder claim.	Acquirer challenges / rejects the Pre-Arbitration on behalf of the merchant, if possible, with additional supporting documentation. Upon review of the acquirer response by the issuer, the case will be closed in the merchant's favour if the cardholder doesn't wish to escalate the case to Arbitration.	Issuer escalates the case to Arbitration for mediation so that Scheme Committees (mediator) can review the case and provide a final decision of the dispute. This is the final stage. The losing party is liable of both the chargeback amount and the Arbitration fees (between 500-750 EUR/GBP).

We (eCOMM) handle chargebacks on the following portals:

- *Mastercard Connect,*
- *Visa Resolve Online and*
- *Merchant Disputes American Express.*

These portals allow transfer of funds and supporting documents for both the issuer and the acquirer, and the portals have deadlines for each chargeback stage.

The deadlines to work the chargebacks are provided by the schemes (Visa, Mastercard and American Express) and must be complied by both the Acquirer and Issuer.

Since the chargeback process is time sensitive, it is recommended that merchants respond to chargeback emails within the time frame provided to them or as soon as they are notified of a chargeback.

On occasion, an issuer may not check for a refund, and we may still receive a chargeback. When this happens, eCOMM will represent the payment to the issuer noting this, and a credit will be applied.

5. Chargeback Controls

There are some downsides to subscription billing, for example, that merchants need to be aware of. If you don't take the proper steps, you could face a chargeback. Chargebacks occur when a customer is unsatisfied with a service or product and goes directly to the credit card company to request their money back. The chargeback system was created to protect consumers; so naturally, the system often favours the customer. This means that you will incur fees and penalties if you are the recipient of chargebacks.

Recurring billing done correctly, should prevent chargebacks. Our controls will help your business to manage this effectively.

✓ Be clear

The best way to prevent any confusion, and by extension chargebacks, is to lay out the terms of any RTA's (recurring transaction agreements), shipping times, description of the goods/services on offer with the customer as clearly as possible. If the customer understands every aspect of their transaction, they will be less likely to dispute and initiate a chargeback. Make sure that the customer understands vital information such as:

- *Billing frequency*
- *Billing date*
- *Refund/Return policy*
- *Cancellation policy**

*Your cancellation policy should be clear and easy to understand. There should be a cancellation link on any emails or communication sent to the customer.

Lastly, get consent before you start billing customers. This may be obvious but it's important — get confirmation indicating they've read over the terms. If you don't obtain consent, you are setting your business up for chargebacks.

✓ Be accessible and prompt

If customers have concerns or issues, ensure that they are able to contact you with ease. If they're reaching out, chances are they're not happy and quite possibly thinking of cancelling. However, this gives you the chance to show that your customer service is superb and a chance to retain the customer. It's better they contact you than contact the bank for a chargeback. In addition to being accessible, be prompt and efficient about replying to enquiries.

If a customer wants to cancel a subscription, take action immediately. A customer could initiate a chargeback if they continue to be charged after they've requested cancellation. Once you have successfully cancelled the subscription, send them an email confirmation with a positive message, to avoid bad reviews online.

✓ **Maintain communication**

Be transparent in your communications. Keep in contact with your customers to notify them of:

- *Changes to plans or pricing*
- *Delays with any orders/shipping issues*
- *Upcoming payments and link to cancellation options and return/refund policy*

On receipt of Chargebacks, merchant agrees:

- *To accept all incoming chargebacks for 'cancelled recurring transaction'.*
- *Where a merchant wishes to defend a chargeback for an 'unrecognised transaction' or 'friendly fraud', "not as described/defective" the merchant agrees to provide us with the following: Customer information, IP address, terms and conditions, billing history, copies of any contact with the customer. For non- receipt of goods, merchant must provide us with signed proof of delivery.*
- *To accept the billing of all admin fees & dispute fee (per contract)*
- *To communicate with Chargeback team and review chargebacks, to control and manage the risk.*

eCOMM will notify the merchant of an incoming chargeback by email. Following this notification, the merchant has 14 days to accept or defend a chargeback by contacting eCOMM by email.

If accepting a chargeback, the merchant should complete the dispute form (*link below) and mark as accepted.

If defending a chargeback, the merchant should attach the documentation relevant to the reason code, and send with the dispute form (link above), together with completed dispute form (as a PDF, named using the first and last 4 digits of the card number.

This defence documentation is then analysed by our Chargeback team prior to disputing a case.

✓ **Required documentation which covers most cases:**

- *KYC – Customer information (name, address, IP address, email address, phone number)*
- *Card details and amount charged*
- *Description of goods/services provided*
- *Copy of contracts/recurring billing agreements*
- *For digital download – evidence that the customer accessed and used the service*

6. Fees

Aside from Administration charges, there are fees associated with the Chargeback cycles through the Mastercard and Visa schemes.

- *On receipt of the 1st chargeback, there is a charge of €15.*
- *On receipt of a 2nd chargeback, there is a charge of €30 (Mastercard only)*
- *If an issuer files a pre-arbitration case against us, and with the merchant decides to withdraw, there is a fee of €270.*
- *If we allow Visa rule on an arbitration case, and we lose, the fee is €500 plus the transaction cost.*

7. SAFE/TC40 notifications

The eCOMM fraud team will send on a list of any transactions reported as fraud on a daily basis. Once received, eCOMM expect that the merchant will investigate all transactions which have been reported as Fraud as soon as possible.

8. 3D Secure

3D secure is the payments industry authentication standard for ecommerce transactions, which was developed by Visa and Mastercard to enhance the online shopping experience. They are referred to as 'Verified by Visa' and 'MasterCard SecureCode'.

This feature requires the cardholder to enrol and register their personal details. When registered correctly and used, only the cardholder should be able to complete a transaction, by answering a series of questions.

This creates increased security for both the merchant and the cardholder. For the merchants it limits liability and exposure to fraud, but merchants are still open to other chargebacks.



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