



## **Tips on Avoiding Chargebacks**

**(An excerpt from *Chargeback Management Guide for Visa Merchants*)**

Most chargeback situations arise at the point of transaction – at the time the transaction is completed – and most can be prevented with a little training. Point-of-sale staff (and in some cases, order-takers for card-not-present transactions) may find these tips helpful in avoiding potential chargebacks.

1. ***Declined Authorization*** – Do not complete a transaction if the authorization request was declined. DO not repeat the authorization request after receiving a decline.
2. ***Referrals*** – In response to an authorization request you may receive a “Call” message. Call your authorization center and tell them you received a “call” message. Be prepared to answer questions. The operator may ask to speak with the cardholder. If approved, write the authorization code on the sales receipt. If declined, ask the cardholder for another Visa card.
3. ***Card Imprint for Card-Present Transactions*** – If you have a point-of-sale terminal with a magnetic-stripe reader, swipe the card through the reader for every face-to-face transaction. If the terminal isn’t working or a card’s magnetic stripe cannot be read, key-enter the account information and make an imprint of the embossed information onto the sales receipt using a manual imprinter. Even if the transaction is authorized and the cardholder signs the receipt, if the receipt does not have an imprint of the embossed account number and expiration date, the transaction may be charged back to you for “no imprint” if the cardholder later denies participating in the transaction.
4. ***Cardholder Signature*** – The cardholder’s signature on card-present transactions is required. Failure to obtain the cardholder’s signature could result in a chargeback for “no signature” if the cardholder denies authorizing or participating in the transaction.
5. ***Digitalized Cardholder Signature*** – Some Visa cards have a digitized cardholder signature on the front of the card for easier viewing; however, these cards also have a signature panel on the back of the card. Sales staff must always compare the customer’s signature on the sales receipt with the hand-written signature in the signature panel on the card.
6. ***Legibility*** – Ensure that the transaction information on the sales receipt is complete, accurate, and legible before completing the transaction. An illegible receipt, or a receipt which produces an illegible copy, may be returned because it cannot be processed properly. The growing use of electronic scanning devices for the electronic transmission of copies of sales receipts makes it imperative that the item being scanned be very legible.

7. **Change Point-of-Sale Printer Cartridge** – Change point-of-sale printer cartridge routinely, faded, barely visible ink on sales receipts is the #1 cause of illegible receipt copies.
8. **Change Point-of-Sale Printer Paper** – Change point-of-sale printer paper when colored streak first appears. The colored streak down the center or the edges of printer paper indicates the end of the paper roll and diminishes the legibility of transaction information.
9. **Keep White Copy of Sales Receipt** – Keep the white copy of the sales receipt – give customers the colored copy. Colored paper does not copy as clearly as white paper and often results in illegible copies.
10. **Carbonless Paper Sales Receipts** – Handle carbonless paper and carbon / silver-back sales receipt paper carefully. Silver-back paper appears black when copied. Any pressure on carbonless and carbon-back paper during handling and storage causes black blotches, making copies illegible.
11. **One imprint per Transaction** – Make only one imprint of the card for each transaction. Making more than one imprint can lead to duplicate deposits and increase the chance for a chargeback. If you need to redo a sales receipt because of an error, write “VOID” across the incorrect sales receipt, inform the cardholder, and tear up the incorrect sales receipt in view of the customer.
12. **One Entry for Each Transaction** – Ensure that transactions are entered into point-of-sale terminals only once – and deposited only once. Entering the same transaction into a terminal more than once, or depositing both the merchant copy and the bank copy of the sales receipt with your merchant bank, or depositing the same transaction with more than one merchant bank can all result in “duplicate transaction” chargebacks.
13. **Duplicate Sales Receipts and Voiding Incorrect Sales Receipts** – Ensure that incorrect sales receipts are voided and that transactions are processed only once.
14. **Disclosing Refund/Return/Service Cancellation Policy** – If your establishment has policies regarding merchandise returns, refunds, or service cancellation, disclose these policies to the cardholder at the time of the transaction. Your policy should be pre-printed on your sales receipts; if not, write or stamp your refund/return policy information on the sales receipt near the customer signature before the customer signs (be sure the policy shows clearly on all copies of the sales receipt). Failure to disclose such policies at the time of the transaction will be to your disadvantage should the customer return the merchandise.

15. **Depositing Sales Receipts** – It is always to your advantage to deposit transactions promptly. Deposit sales receipts with your merchant bank as quickly as possible, preferably within one to five days of the transaction date – do not hold on to them. Failure to deposit in a timely manner can result in chargebacks for “late presentment.”
16. **Timely Deposit of Credit Transactions** – Deposit credit receipts with your merchant bank as quickly as possible, preferably the same day as the credit transaction is generated. Failure to process credits in a timely manner can result in chargebacks for “credit not issued.”
17. **Responding to Copy Requests** – If your establishment stores sales receipts, always respond to a request for a copy of a sales receipt in a timely manner. Send a legible copy of the requested receipt or receipt substitute to your merchant bank. Failure to respond, or failure to respond within the specified time frame, almost always leads to a chargeback for “non-fulfillment of a copy request” for which generally there is no remedy.
18. **Microfilming Sales Receipts** – If your establishment microfilms sales receipts, make copies from the microfilm at the same size as the original receipt – reduced images result in blurred and illegible copies and could result in “illegible copy” chargebacks.
19. **Company Logo Position on Sales Receipts** – Owners or their marketing staff should position the company’s logo or marketing messages on sales receipts away from transaction information – your company name, logo or marketing message printed across the face of sales receipts can make copies illegible and cause you to receive “illegible copy” chargebacks.
20. **Requests for Cancellation of Recurring Transactions** – If a customer requests cancellation of a transaction which is billed periodically (monthly, quarterly, annually), always respond to the request and cancel the transaction immediately or as specified by the customer. As a customer service, advise the customer in writing that the service, subscription, or membership has been cancelled and state the effective date of the cancellation. Failure to respond to customer cancellation requests almost always leads to chargebacks.
21. **Customer Service** – Keeping customers informed on the status of their transactions is key to good customer service and to your profitability.
  - Delayed Delivery – If the merchandise or service to be provided to the cardholder will be delayed, advise the cardholder in writing of the delay and the new expected delivery or service date. Not only is this good customer service, but it also may help avoid a chargeback for “merchandise not received” or “service not performed.”

- Item Out of Stock – If the merchandise ordered by the cardholder is out of stock and delivery will be delayed or this item is no longer available, advise the cardholder in writing and offer the cardholder the option of purchasing a similar item or canceling the transaction. Do not substitute another item unless the customer agrees to accept it. By giving the customer notice and the option to cancel, you may help avoid a customer dispute regarding the merchandise and a possible chargeback for “merchandise not as described,” or “merchandise never received.”
22. **Ship Merchandise Before Depositing Transaction** – Don’t deposit transactions with your merchant bank until you have shipped the related merchandise. If customers see a transaction on their monthly Visa statement before they receive the merchandise, it could lead to a preventable chargeback for “merchandise never received.”
23. **Recognizable Merchant Name** – It is very important that your customers are able to recognize transactions made at your establishment on their monthly Visa statements. When cardholders don’t recognize transactions, they typically call their card issuer to question or dispute the item. The card issuer may then request a copy of the transaction to aid the customer in identifying it. Sometimes these questions lead to chargebacks. To ensure that your establishment’s name is recognizable to your customers, consider taking the following steps:
- Ask your merchant bank to show you how your name appears in the settlement record (this is the way your name will be passed through the processing system to the card issuer for posting to the cardholder’s Visa statement). If it is correct or potentially misleading to customers, ask your merchant bank to correct it.
    - Verify that the name your merchant bank shows for you is the same as the name you show on the receipts you give your customers. (Generally, the name used for settlement should be the name you use for your business signage.)
    - Double check your establishment name by purchasing an item in each of your outlets on your Visa card and check the merchant name and location on your monthly Visa statement – will your customers recognize transactions made at your establishment?