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PAYMENTS & DATA

TOP 12 WAYS TO HELP MINIMIZE CHARGEBACKS

WHAT ARE CHARGEBACKS AND HOW CAN YOU AVOID THEM?

Chargebacks are transactions disputed by the cardholder or issuing bank. The most common reasons for chargebacks are cardholder disputes, fraud, processing and authorization errors, and nonfulfillment of transaction receipts. Although a merchant cannot avoid chargebacks completely, you can take steps to minimize them:

1. **Use EMV chip payments when possible.**
EMV chip transaction are more secure and help reduce the risk of fraud compared to magnetic stripe or manual entry methods.

2. **Use a reliable payment gateway.**
For example, the Deluxe Payments Platform is a secure and reliable payment gateway that helps minimize the fraud and chargebacks by encrypting transactions and implementing robust fraud detection measures.

3. **Respond promptly to requests for transaction receipts.**
Transaction receipts must be legible and contain an account number, transaction date, amount, business name and address, authorization code and expiration date.

4. **Obtain an imprint of the card when manually entering a card present transaction.**
If a card present transaction has to be key entered, make an imprint of the card using a manual imprinter that includes the account number, transaction date and amount, authorization code, and signature.

5. **Control the risk for mail, telephone and Internet transactions.**
Obtain an exact AVS (address verification service), deliver the merchandise to that address and require a signature upon delivery. Require the cardholder to provide the security code found on the back of the card and make sure you receive a positive response code.

6. **Obtain a valid authorization request.**
Do not complete a transaction if the authorization request was declined or repeat the authorization request. Instead ask for another form of payment.

7. **Properly disclose your refund/return policy.**
Printed on the receipt near the signature area. The e-commerce site must communicate the policy during the order process and require the cardholder to select and click the “accept” button to acknowledge the policy.

8. **Avoid duplicate processing chargebacks.**
If a transaction is entered twice by mistake, void the duplicate transaction. If it is discovered after batch settlement, please contact customer service and request the transaction be reversed.

9. **Timely deposit.**
Settle transactions as quickly as possible, preferably the same day the transaction is generated.

10. **Recurring transaction.**
If a customer requests cancellation of a recurring transaction, cancel the billing immediately, regardless of whether you have a contract.

11. **Recognizable transaction on the customer’s billing statement.**
Make sure the business name, city and state on your transaction receipts matches what will appear on the cardholder’s billing statement.

12. **Work with your customer.**
A large majority of chargebacks may be prevented if the merchant and customer work directly to resolve the dispute. The customer is required to attempt resolution first with the merchant and must provide proof of the attempt. (This can be a letter stating they contacted the merchant.)

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