

truevo

Merchant Dispute Guide

 disputes@truevo.com  www.truevo.com  +356 2247 4000

The Watercourse, 3rd Floor, Triq L-Imdina Zone 2 Central Business District, Birkirkara, CBD2010, Malta

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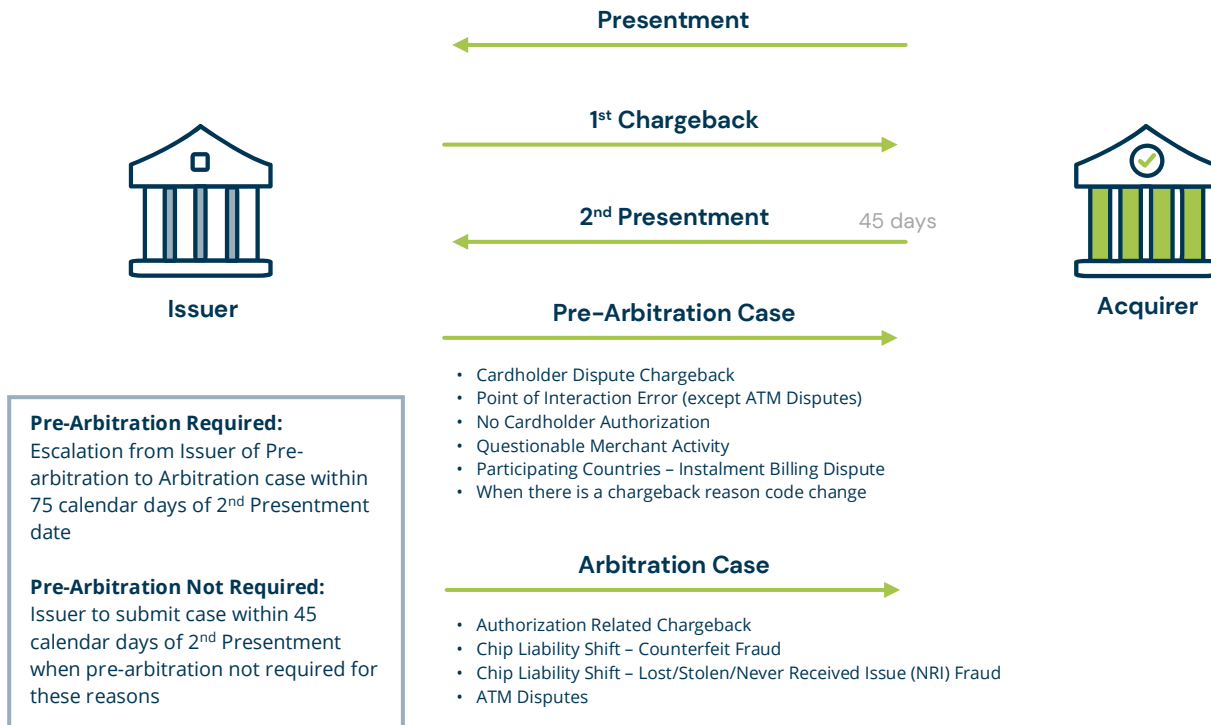
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Disputes Overview

What is a Dispute?

A dispute is the potential return of funds to the consumer, initiated by the issuing bank as a request from their client. Before submitting the dispute on behalf of the client, the issuing bank should first request an explanation of the problem from the cardholder and determine if a dispute situation exists. The issuer will then return the presentment (purchase) back to the Acquirer, stating the amount and reason for dispute.

Dispute Life Cycle – Mastercard



Definitions	
Chargeback	Issuer returns the purchase to the Acquirer because of a cardholder complaint.
Second Presentment	Acquirer will be returning the chargeback to the card issuer providing a solution/ reason why the 1st chargeback is invalid.
Pre-Arbitration	Cardholder still disputes transaction after going through the merchant's re-presentment.
Pre-Arbitration (Required)	If the cardholder still disputes the transaction after going through the merchant's re- presentment, a Pre-Arbitration must be submitted (Identified by Reason Code) .
Pre-Arbitration (Optional)	If the cardholder still disputes the transaction after going through the merchant's re- presentment, the Issuer has the option to come back with a direct Arbitration (Identified by Reason Code) .
Arbitration	No solution was found so the case will be escalated to the Scheme Committee for review.

Mastercard	
4804	Multiple Processing
4807	Warning Bulleting
4808	Transaction not Authorized
4809	Transaction Not Reconciled
4811	Stale Transaction
4812	Account Number not on File
4831	Disputed Amount
4834	Duplicate Processing of Transaction
4837	No Cardholder Authorization
4841	Cancelled Recurring or Digital Good Transactions

4842	Late Presentment
4846	Currency Errors
4849	Questionable Merchant Activity
4850	Instalment Billing Dispute
4853	Cardholder Dispute
4854	Cardholder Dispute – Not Elsewhere Classified
4855	Goods or Services not Delivered
4860	Credit Not Processed
4870	Chip Liability Shift
4871	Chip Liability Shift – Lost / Stolen / NRI / Fraud
4880	Late Presentment

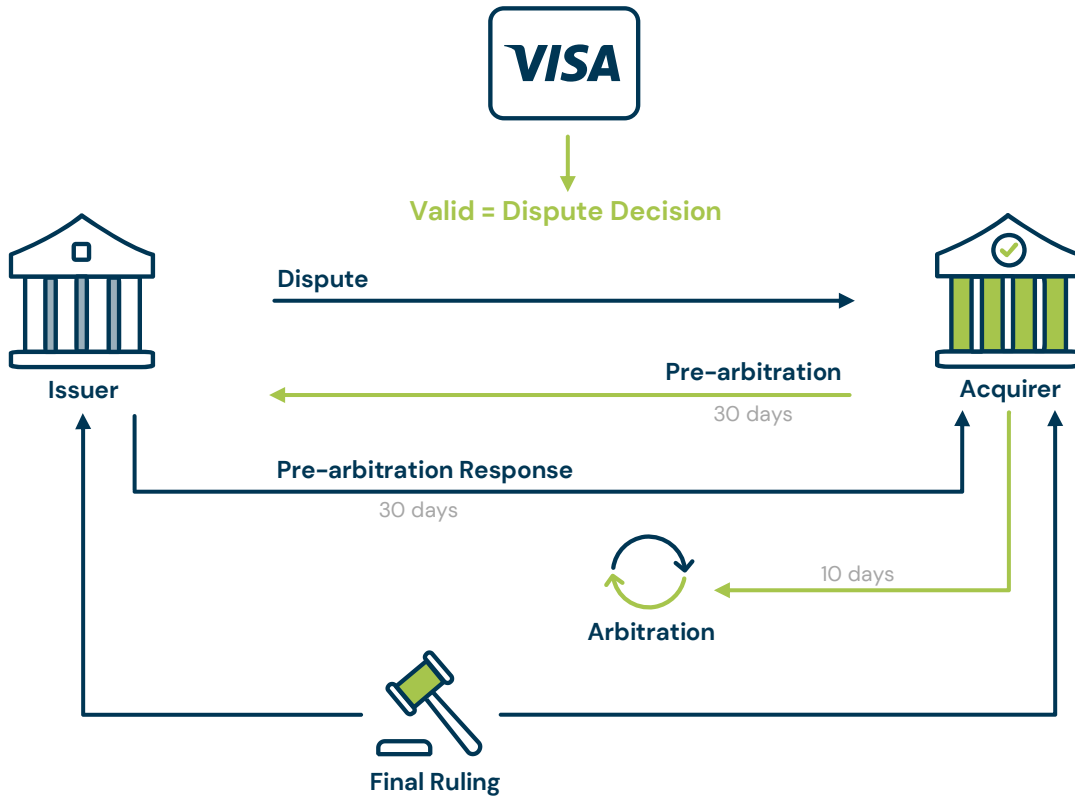
Dispute Life Cycle – Visa

Visa has 4 main categories and 2 different cycles/ processes depending on the nature of the dispute.

All fraud and authorization chargebacks will go through the Allocation workflow. Here, Visa performs a series of automated checks on the dispute. The Allocation workflow will result in less invalid chargebacks that merchants will have to deal with.

Defending against the chargeback will only be possible in specific circumstances. Essentially, responses will only be allowed if the merchant can definitively prove the chargeback is invalid.

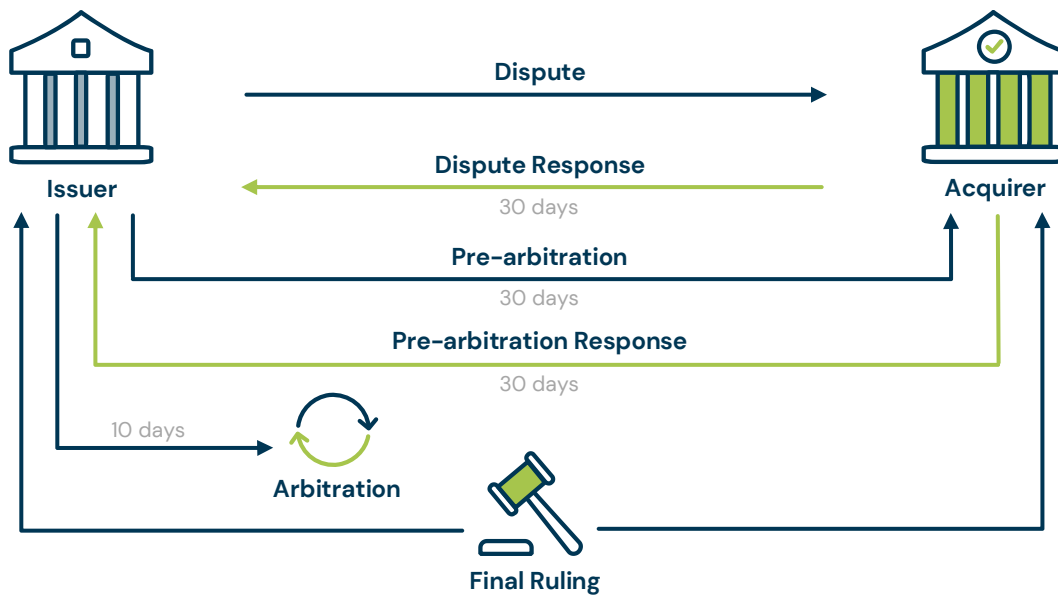
Allocation: Fraud/Authorization



Fraud	Authorization
EMV Liability Shift Counterfeit Fraud	Card Recovery Bulletin
EMV Liability Shift Non-Counterfeit Fraud	Declined Authorization
EMV Other Fraud - Card-Present Environment	No Authorization
Other Fraud - Card-Absent Environment	
Visa Fraud Monitoring Program	

Collaboration: Consumer/Processing Errors

The Collaboration workflow is essentially the same as today's chargeback process. Its goal is to simplify communication between each party and reduce the overall chargeback timeframe.



Processing Errors	Consumer Disputes
Late Presentment	Merchandise / Services Not Received
Incorrect Transaction Code	Cancelled Recurring
Incorrect Currency	Not as Described or Defective Merchandise/ Services
Incorrect Account Number	Counterfeit Merchandise
Incorrect Amount	Misrepresentation
Duplicate Processing / Paid By Other Means	Credit Not Processed
Invalid Data	Cancelled Merchandise/ Service
	Original Credit Transaction Not Accepted
	Non-Receipt of Cash or Load Transaction Value

Tips

- Disputes cannot be avoided completely however there are steps which you can take to help preventing these claims. The main interaction in a dispute is between a card issuer and an acquirer. If you know that the cardholder contacting you directly has a valid dispute, act promptly to resolve the situation. When sending a credit always send an e-mail/ message to the client to let them know that they will be receiving funds. Also, please always return funds to the card on which the dispute transaction has been raised, and not via alternative means.
- Although many disputes are resolved without the merchant losing the sale, some cannot be remedied. Sometimes it is easier to accept a dispute case rather than going through the dispute cycle as it may save you time and costs for challenging it.
- Keeping good records can also aid to prevent chargebacks from going through the dispute cycle by assembling a strong case to further your chances of winning a dispute.
- Ensure clear descriptions of your products/services are stated so that it can help contribute in shifting liability is more likely to fall on the consumer for unsatisfactory purchases.
- Make sure that your website communicates its refund policy to the cardholder before the final checkout screen.
- If some items will be delayed, make sure that the cardholder is informed and given a new expected delivery/ service date.
- If a customer requests cancellation of services/ items for which they are being billed periodically, cancel the transactions straight away and send an official communication of the cancellation and state the effective date of the cancellation.

Avoid disputes for duplicate transactions by:

- Being careful not to enter a transaction into a terminal more than once
- Deposit the same transaction with more than one acquirer
- Deposit the merchant copy and bank copy of a transaction receipt with your acquirer