

A guide to chargebacks

When a shopper uses a credit card in person the proper checks are carried out at the point of sale (for example, chip and PIN), and the card scheme rules ordinarily require the issuer to bear any losses arisen. With online transactions, however, the liability for such a loss lies with you, because you do not have written evidence that the cardholder used the card and received the goods or services.

Chargebacks can happen regardless of what you are selling or how you run your business and are pretty much inevitable. People will either deliberately chargeback as they are pulling a fiddle or cannot remember what they purchased or cannot be bothered to ask for a refund. Luckily it is actually rare!

As previously stated it is not possible for you to avoid Chargebacks completely, however, the information in this section could help you reduce the number of RFIs and Chargebacks you may receive.

Transaction authorisation does not prevent Chargebacks

Authorisation of a transaction does not guarantee payment; it will only check the availability of funds at the time of the transaction and that the card has not been reported lost or stolen at the time of authorisation.

Customer Service

One way to reduce the number of Chargebacks is to provide good customer service and have a high quality of goods/services offered, as this will reduce the number of cardholders raising disputed transactions with their card issuer.

Resolving a disputed transaction can be a time consuming and costly practice that detracts from your business and web site's reputation. To maintain a high customer satisfaction, the best measures are preventative:

- Ensure that your goods and services are described accurately
- Ensure that you have read and understood your WorldPay Customer Agreement
- Ensure that you indicate "internet transaction" on each sale
- Ensure that you clearly indicate your full company name on all transaction receipts. This ensures that a shopper can remember their transaction.
- Ensure that an email transaction receipt is issued for each transaction and that
- any replies are dealt with properly and promptly.
- Provide the shopper with full contact details
- Supply as much information as possible when you receive a Request for Information (RFI)
- Keep good records of all transactions, including copies of the web site pages the shopper would have seen, invoices, refunds processed and delivery details
- Establish and display a comprehensive refund/returns policy, which shoppers must confirm before you accept their transaction The refund/returns policy should be proactive in dealing promptly and properly with all shopper disputes
- Establish and display a comprehensive Privacy Policy, as this will dispel shopper's concerns about providing personal data
- Offer free telephone customer service as it can help preserve sales and increase the relationship you have with your shoppers
- Provide "Email Customer Service" so shoppers can ask questions online. For customer service by email you are required to have a standard response and time frame for responding to a shopper's query.
- Allow for extra time when processing FuturePay or repeat billing transactions as some shoppers will dispute a transaction in preference to canceling their agreement

- Register Internet shoppers by enabling them to enter their own user name and password. This will help in your relationship with your shopper and enable them to return and make additional purchases without entering some of their personal details again.

You can strengthen the relationship you have with your shoppers by using your web site not only to as a marketing tool, but as a risk management tool to avoid shoppers disputing transactions.

To minimise the risk of disputed transactions your web site should display the following information:

- A complete description of the goods and services offered and details of any guarantee, membership or subscription period offered in the price
- Details of your returns/ refund policy - this policy should be consistent with your company's objectives and the type of goods/service that you sell. It should be clearly accessed from your web site and be printed on any invoices sent out
- Details of your privacy policy - to dispel shopper's concerns about providing personal data, your privacy policy should state which data is collected, who this information is shared with and how shoppers can opt out
- Details of any "Seal of Approval" by a privacy organisation
- Customer service contact, including email address, phone number and address - so shopper can contact you directly when they have a query
- Transaction currencies in which you can deal
- Export restrictions (if known)
- Delivery policy and prices
- Country of domicile
- Import duty implications (where known) and clarity on whether import duty is included in the price quote

Do not dispatch goods by whatever means (including online delivery) to a third party address (that is, an address other than the cardholder's address); this is considered very high risk.

- Deliver goods/services on a timely basis and advise cardholders when they can expect delivery
- When delivering the goods, obtain the cardholder's signature to show proof of delivery. If possible take an imprint of the card at this point
- Notify the cardholder of any delay of delivery
- Retain documentary evidence of the delivery, together with a description of the goods/services supplied, for a minimum of 12 months.

Learn more at: www.web-merchant.co.uk

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