

Preventing Chargebacks

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.

Consider these 15 tips to avoid potential chargebacks.

1. **Do not complete a transaction if the authorization request was declined.** Do not repeat the authorization request after receiving a decline.
2. **If you receive a “Call” message in response to an authorization request, call your authorization center.** 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. **Make an imprint for all 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. **Obtain 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. **Make only one imprint of the card for each transaction.** Making more than one imprint can lead to duplicate deposits and increase the chance of 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.
6. **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 acquirer, or depositing the same transaction with more than one merchant bank can all result in “duplicate transaction” chargebacks.
7. **Ensure that incorrect sale receipts are voided and that transactions are processed only once.**
8. **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 line 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.
9. **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.”
10. **Deposit credit receipts with your acquirer 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.”
11. **If a customer requests cancellation of a recurring 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.
12. **Keep customers informed on the status of their transactions.**
13. **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.**
14. **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.
15. **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.