

Understanding Chargebacks



 **CHARGEBACK AdvocacySM**
REDUCING TRANSACTION RISK

PART TWO

Visa Chargeback Codes & Action

Bankers Insurance Group
Global Institutional Solutions

Chargeback Reason Codes

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SOURCE: **Visa.** *Chargeback Management Guidelines for Visa Merchants.* 2011.



How to use the information in this paper

Important sections

In this section, each chargeback reason code includes the following information:

- **Definition.** Each chargeback is defined. The definition will help you understand what happened from the card issuer’s perspective; that is, what conditions or circumstances existed that caused the card issuer to issue a chargeback on the item.
- **Most Common Causes.** This section looks at the chargeback from the merchant’s perspective; that is, what may or may not have been done that ultimately resulted in the item being charged back. The “Causes” sections are short and may be helpful to you as quick references and/or for training purposes.
- **Merchant Actions.** This section outlines specific steps that merchants can take to help their acquirers remedy the chargeback, prevent future recurrence, and address customer service issues. You will also be advised under what circumstances—that is, circumstances where there is no remedy available—you should accept financial liability for the charged back item. Merchant actions are further classified by the staff functions within your establishment most likely to be responsible for taking the actions.

Delegation of action

- ◆ **Back-Office Staff.** The employees responsible for your general operations, administration, and processing of chargebacks and copy requests.
- ◆ **Point-of-Sale Staff.** The employees responsible for accepting payment from customers for goods and services at the point of sale. For card-absent environments, point-of-sale staff refers to order desk staff who receive and process orders.
- ◆ **Owner/Manager.** The employee(s) responsible for the policies, procedures, and general management of your establishment. Owners and managers may also be responsible for training.

Acronyms

The suggestions and recommendations for merchant actions are further classified by action type.

- **(PR) Possible Remedy.** Steps you could take to help your acquirer re-present (resubmit) a chargeback item.
- **(NR) No Remedy.** You must accept the chargeback.
- **(PM) Preventive Measures.** Possible steps you could take to minimize future recurrence of the particular type of chargeback being discussed.
- **(CS) Customer Service.** Suggestions that may help you provide enhanced service to your customers.

Disclaimer

The chargeback information in this section is current as of the date of printing. However, chargeback procedures are frequently updated and changed. Your merchant agreement and Visa International Operating Regulations take precedence over this manual or any updates to its information. For a copy of the Visa International Operating Regulations visit www.visa.com/merchant.

SOURCE: **Visa.** *Chargeback Management Guidelines for Visa Merchants.* 2011.



Reason Code 76
Incorrect Currency or Transaction Code or Domestic Transaction Processing Violation

Definition

Transaction was processed with an incorrect transaction code, or an incorrect currency code, or one of the following:

- Merchant did not deposit a transaction receipt in the country where the transaction occurred
- Cardholder was not advised that Dynamic Currency Conversion (DCC) would occur
- Cardholder was refused the choice of paying in the merchant's local currency
- Merchant processed a credit refund and did not process a reversal or adjustment within 30 calendar days for a transaction receipt processed in error

Most Common Causes

1. The merchant issued a credit voucher, but the transaction was posted as a sale.
2. The transaction currency is different than the currency transmitted through VisaNet.
3. Cardholder claims that the merchant failed to offer them a choice of paying in the merchant's local currency.

Merchant Actions

Back-Office Staff

Correct Transaction Code Was Posted

(PR) Provide your acquirer with documentation of the transaction, showing that it was posted correctly as a credit to the cardholder's account (and a debit to your account).

Credit Was Posted as a Debit

(NR) Accept the chargeback. In this case, the chargeback amount will be double the original transaction.

Point-of-Sale Staff

Use Correct Transaction Codes

(PM) When issuing a credit voucher, be sure to use the credit transaction code on your point-of-sale terminal.

Owner/Manager

Train Staff on Correct Use of Transaction Codes

(PM) Ensure all sales staff knows the procedures for issuing a credit voucher, including correct use of transaction codes on point-of-sale terminals.

Train Staff on DCC Service Requirements

(PM) If your outlet is actively involved in the offering of DCC to cardholders, ensure all sales staff know how to correctly offer this service. The training may be in any form including, but not limited to, paper guides, demonstrations etc. It is also essential that employees know how they can reverse a transaction.

Cardholder Education

(PM) Explain the DCC service to cardholders with confirmation that it is an optional service, before you begin the transaction. Recognize that language differences can sometimes provide a barrier. Good communication of the DCC service to cardholders could be facilitated by multi-lingual point-of-sale materials for cardholders.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 76

Incorrect Currency or Transaction Code or Domestic Transaction Processing Violation

Merchant Actions

Owner/Manager

Transaction Receipt

(PR) To aid confirmation of cardholder choice, a cardholder signature may be beneficial in proving that they agreed to participation in a DCC transaction. This would be in addition to the signature or PIN verification to confirm the transaction and cardholder identity. This is especially useful in environments where a cardholder is separated from the point-of-sale terminal such as in a restaurant, etc.

Point-of-Sale Terminal Programming

(PM) Implement a technical solution for offering DCC whereby the point-of-sale terminal automatically presents the correct prompts, clearly and accurately, to the cardholder or merchant staff.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 77

Non-Matching Account Number

Definition

The transaction did not receive authorization and was processed using an account number that does not match any on the card issuer's master file or an original credit was processed using an account number that does not match any on the card issuer's master file.

Most Common Causes

The merchant or service establishment:

- Incorrectly key-entered the account number.
- Incorrectly recorded the account number for a mail order or telephone order.

Merchant Actions

Back-Office Staff

Account Number Matches

(PR) If the account number on the sales receipt matches the account number cited on the chargeback, and the transaction received an authorization approval, return the chargeback to your acquirer and request that your acquirer include the authorization log for this transaction when returning it to the card issuer.

Account Number Doesn't Match

(NR) If the account number on the sales receipt does not match the correct account number cited on the chargeback, accept the chargeback, then process a new transaction with the correct account number and be sure to request an approval code.

After accepting the chargeback, the new transaction with the correct account number should be submitted within 10 days of the original transaction. Due to the chargeback cycle, in most cases, merchants will be unable to meet this time frame, which may in turn result in a second chargeback for Reason Code 74: Late Presentment.

For multi-location, centrally accumulated merchants (e.g., travel and entertainment, service stations), after accepting the chargeback, the new transaction with the correct account number should be submitted within 20 days of the original transaction.

Card-Absent Transactions

Transaction Authorized

(PR) If the account number on the sales receipt matches the account number cited on the chargeback, and the transaction was authorized as a mail order, telephone order, or Internet transaction, return the chargeback to your acquirer. Request that the acquirer include the authorization log for this transaction when returning it to the card issuer. Many acquirers handle this type of chargeback automatically, so that you never receive them.

Transaction Not Authorized

(NR) Accept the chargeback.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 77

Non-Matching Account Number

Merchant Actions

Point-of-Sale Staff

Terminal Can't Read Card's Magnetic Stripe

(PM) If you swipe a card and the terminal cannot read the card's magnetic stripe, request authorization by key-entering the account number. Be sure the key-entered account number matches the embossed account number on the card; be careful not to transpose numbers. Use a manual imprinter to imprint the embossed information from the face of the card onto the sales receipt that is signed by the cardholder.

Terminal Not Working or No Terminal

(PM) If your terminal is not working or you do not have a terminal, call your voice authorization center for authorization approval and write the authorization approval code on the sales receipt in the appropriate space. Use a manual imprinter to imprint the embossed information from the face of the card onto the sales receipt that is signed by the cardholder.

Embossed Account Number Does Not Match

(PM) Compare the account number displayed on your terminal (or electronically printed on the sales receipt) with the account number embossed on the card. If they do not match, do not complete the transaction. Call your voice authorization center and ask for a "Code 10 authorization" (See Glossary). The card issuer may ask you to pick up the card if you can do so safely.

Card-Absent Transactions

Recording Account Numbers

(PM) For phone orders, read the account number back to the customer to verify it.

Owner/Manager

Card Acceptance Procedures

(PM) Review card acceptance procedures with your point-of-sale staff. Staff should compare the account number embossed on the card with the account number printed on the related sales receipt or shown on the point-of-sale terminal. The two numbers must match. Do not accept the card if these numbers do not match; instruct your staff to call your voice authorization center and ask for a "Code 10 authorization". The card issuer may ask you to pick up the card if you can do so safely.

Card Acceptance Procedures

(PM) Instruct staff on appropriate processing procedures for card-absent transactions. Authorization is required for all transactions where a card and cardholder are not present; staff should take extra care in recording account numbers on sales receipts and entering them into terminals. Staff should read the account number back to the customer when taking phone orders.

Recurring Payment

(PR) Because recurring payment transactions occur on a regular basis over time, it is possible that the cardholder's account number could be closed or could change (e.g., if a new card is issued due to a bank merger or account upgrade). If authorization is declined on a subsequent recurring payment transaction, contact the customer to obtain updated payment information.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 80

Incorrect Transaction Amount or Account Number

Definition

The transaction amount is incorrect, or an addition or transposition error was made when calculating the transaction amount, or a transaction was processed using an incorrect account number.

Most Common Causes

The merchant made a data entry error (i.e., keyed in the wrong amount or account number for that particular transaction).

Merchant Actions

Back-Office Staff

Transaction Amount or Account Number Is Same on Sales Receipt and Payment Documents

(PR) If the transaction amount or account number on the sales receipt is the same as on the clearing record deposited for payment, provide supporting documentation to your acquirer to re-present the item.

Incorrect or Non-matching Account Numbers

An incorrect account number transaction is one that has posted to the wrong cardholder's account. A non-matching account transaction cannot be posted; the account number does not exist on the card issuer's master cardholder file.

Invalid Adjustment

Many acquirers will handle this chargeback automatically so that you never receive them.

Transaction Amount or Account Number Differs (Is Incorrect)

(PR) If the transaction amount or account number on the sales receipt is not the same as on the clearing record, accept the chargeback. If the chargeback is due to an incorrect account number, process a new transaction using the correct one within 30 days of the original transaction date; however, do not process a credit because the chargeback has already performed this function. For incorrect amount chargebacks, the chargeback amount will be the difference between the amount charged and the correct amount, so no further action is needed.

Point-of-Sale Staff

Account Number Was Key-Entered

(PM) If the card was present, but the account number was key-entered (i.e., the magnetic stripe on the card could not be read, or the chip could not be read and processed), use a manual imprinter to imprint the card's embossed information on the sales receipt. Compare the keyed and imprinted account numbers to ensure the transaction was processed correctly.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 81

Fraud: Card-Present Environment

Definition

The card issuer received a sales receipt that is missing required information, indicating a potentially fraudulent transaction. Specific situations where this chargeback reason code may be used include:

- The card issuer received a sales receipt that has no imprint of the card's embossed or magnetic-stripe information or the cardholder's signature and either: the cardholder certifies that he or she neither authorized nor participated in the transaction OR the card issuer certifies that no valid card with that account number existed on the transaction date.
- A card-present transaction charged to a fictitious account number for which authorization approval was not obtained.

This chargeback is not valid for recurring payments and card-absent transactions. It is valid for card-present sales on self-serve point-of-sale terminals such as cardholder-activated gas pumps.

Most Common Causes

The merchant or service establishment:

- Did not swipe the card through a magnetic-stripe reader.
- Did not make a manual imprint of the card account information on the sales receipt for a key-entered transaction.
- Completed a card-present transaction without obtaining the cardholder's signature on the sales receipt.
- Completed a card-absent transaction, but did not identify the transaction as a MO/TO or Internet purchase.
- Accepted a chip card containing a Visa or Visa Electron Smart Payment Application or an EMV and VIS-Compliant Plus application, but processed the chip card as a fallback transaction—via magnetic stripe, key-entry or paper voucher, and did not follow correct acceptance procedures.

Fallback refers to the action taken by a merchant to allow chip cards to be processed via magnetic stripe or key entry at chip-enabled terminals if the terminal fails to read the chip. Because the fallback transaction is swiped or keyed, the normal rules of transaction processing will come into play meaning that a signature will be required, rather than a PIN. In addition, manual imprints will be required for key-entered transactions. Merchants should not force a fallback transaction. Merchants are more likely to see declines for fallback transactions, than for a valid chip card transaction.

Merchants are not liable for a fallback to a magnetic-stripe transaction under Reason Code 81 if the proper fallback indicators were provided.

This reason code does not apply to a chip and EMV PIN transactions if a chip card is PIN preferring, but chip terminal is not.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 81

Fraud: Card-Present Environment

Merchant Actions

Back-Office Staff

Card Imprint from Magnetic Stripe Was Obtained

(PR) If account information was captured from the card's magnetic stripe, request that your acquirer send a copy of the authorization record to the card issuer as proof that the card's magnetic stripe was read. You should also provide a copy of the sales receipt proving that the cardholder's signature was obtained.

Card Imprint Was Manually Obtained

(PR) If the account number was manually imprinted on the sales receipt, send a copy of the sales receipt to your acquirer as documentation. The copy of the sales receipt must also contain the cardholder's signature in order to remedy the chargeback.

Card Imprint Was Not Obtained

(NR) If the account number was not obtained from either the magnetic stripe, the card chip, or manually, accept the chargeback. Card imprint requirements only apply if the terminal is not chip-enabled. If a chip card was manually keyed at a chip-enabled terminal, the transaction is considered a fallback and, if authorized by issuer, is not eligible for chargeback.

Signature Was Obtained

(PR) If the cardholder's signature was obtained on the sales receipt or a related document (e.g., an invoice with the cardholder's name, address, and the date of the transaction), send a copy of the document to your acquirer. You should also send evidence that the cardholder's card was present, specifically either a manually imprinted sales receipt or authorization record proving the magnetic stripe was read. You must be able to prove that the sales receipt and other documentation are from the same transaction. For example, if the imprint is on a separate receipt, the date, amount and authorization code for the transaction should also be written on this document at the point of sale.

Signature Was Not Obtained

(NR) If the cardholder's signature was not obtained for a card-present transaction, accept the chargeback.

Merchants should always get a signature or PIN for card-present transactions, except when the transaction is processed under the Visa Easy Payment Service (VEPS). This program provides qualified face-to-face merchants with the ability to accept a Visa card issued in any country for purchases of US \$25 or under without requiring a cardholder signature or PIN and foregoing a receipt unless requested by the cardholder. For more information about VEPS and merchant eligibility.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 81

Fraud: Card-Present Environment

Merchant Actions

Point-of-Sale Staff

Swipe Cards or Use a Manual Imprinter

(PM) Obtain a record of the card's account and expiration date information on the sales receipt by:

- Swiping the card through a terminal to capture the account information from the card's magnetic stripe, or
- Using a manual imprinter to obtain the card's embossed information. If you use a manual imprinter, make sure the imprint can be positively matched with other transaction information to prove the card was present. For example, if you take an imprint on a separate receipt for a key-entered transaction, you should write the transaction date, amount, and authorization code on this document before completing the sale.

Obtain Cardholder Signature

(PM) Obtain the cardholder's signature on the sales receipt for all card-present transactions where a signature is required. Keep in mind that some chip cards are signature-based. The chip terminal will react to the instructions from the chip and will produce a signature line when appropriate. Always compare the customer's signature on the sales receipt to the signature on the back of the card. If the names are not spelled the same or the signatures look different, call your voice authorization center and ask for a "Code 10 authorization."

Owner/Manager

Remind Staff to Obtain an Electronic or Manual Imprint

(PM) Train sales staff to swipe the card through a magnetic-stripe terminal or to use a manual imprinter to imprint the embossed information from the front of the card onto a sales receipt that will be signed by the customer.

Manual Imprinter or Portable Electronic Terminal

(PM) If your business delivers merchandise or performs services at customers' homes, equip your field employees with manual imprinters or portable electronic terminals that can read the card's magnetic stripe or chip.

Cardholder Signature

(PM) Train sales staff to:

1. Obtain the cardholder's signature on the sales receipt for all card-present transactions,
2. Compare the signature on the receipt to the signature on the back of the card (the names must be spelled the same), and
3. Accept only signed cards.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 81

Fraud: Card-Present Environment

Merchant Actions

Owner/Manager

PIN-Verified

(PM) Make sure that the staff is aware that:

1. The chip card and chip-reading device work together to determine the appropriate cardholder or verification method for the transaction (either signature or PIN).
2. If the transaction has been PIN-verified, there is no need for a signature.

Investigate High Volume of Chargebacks

(PM) If you are receiving a high volume of Reason Code 81 chargebacks, investigate. It could be a sign of internal fraud. You may need to examine sales receipts related to the chargebacks to check which point-of-sale terminals and sales staff were involved in these transactions.

Train Staff to Clean Magnetic-Stripe Readers

(PM) A high volume of Reason Code 81 chargebacks may also indicate a need for additional staff training in proper card acceptance procedures or better maintenance and cleaning of the magnetic-stripe readers in your terminals. Ask your acquirer about point-of-sale training and educational materials and ReaderCleaner™ cards for cleaning magnetic-stripe readers. All are available from Visa.

Monitor Fallback Transaction Volume

(PM) If your business is experiencing a high volume of fallback transactions (either swiped or keyed), this may be an indication that the chip terminal has not been properly enabled. Your acquirer will be advised by Visa and should take action to remedy the situation.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 82
Duplicate Processing

Definition

A single transaction was processed more than once.

Most Common Causes

The merchant or service establishment:

- Entered the same transaction into the point-of-sale terminal more than once.
- Electronically submitted the same batch of transactions to its acquirer more than once.
- Deposited with its acquirer both the merchant copy and the acquirer copy of a sales receipt.
- Deposited sales receipts for the same transaction with more than one acquirer.
- Created two sales receipts for the same purchase.

Merchant Actions

Back-Office Staff

Sales Receipts Are Not Duplicates

(PR) Provide your acquirer with information documenting that the two transactions are separate, or send legible photocopies of the alleged duplicate sales receipts and any other related documents such as cash register receipts, to your acquirer. The receipts should clearly indicate that the two transactions are not charges for the same items or services.

Sales Receipts Are Duplicates—Credit Not Processed

(NR) If you have not already deposited a credit to correct the duplicate, accept the chargeback. Do not process a credit now as the chargeback has performed that function.

Sales Receipts Are Duplicates—Credit Was Processed

(PR) If you identified the duplicate transaction and processed an offsetting credit before you received the chargeback, inform your acquirer of the date the credit was issued. If your acquirer requires other procedures, follow them. However, many acquirers automatically look to see if a credit has been processed, so you may never see these chargebacks.

Review Sales Receipts Before Depositing

(PM) Review each batch of paper sales receipts prior to deposit to ensure that only acquirer copies—and not merchant copies—are included. If transactions are sent electronically for processing, ensure each batch is sent only once and has a separate batch number.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 82
Duplicate Processing

Merchant Actions

Point-of-Sale Staff

Enter Transactions Once

(PM) Take care to avoid entering the same transaction more than once.

Void Erroneous Sales Receipts

(PM) If a transaction is entered twice by mistake, void the duplicate. Any sales receipt that contains errors should be voided.

Owner/Manager

Train Sales Staff

(PM) Provide training for new point-of-sale employees (as well as refresher training for existing staff) concerning duplicate processing and related transaction reversal, cancellation, and voiding procedures. Review these procedures with sales staff whenever a mistake has been made. If duplicate transactions occur frequently, pull questionable sales receipts and related chargebacks and discuss them with the staff involved. This type of review may indicate more training is needed.

Train Staff to Void Erroneous Sales Receipts

(PM) Train point-of-sale staff to void all sales receipts that have been erroneously completed.

Correct Transaction Deposit Procedures

(PM) Train back-office staff on correct transaction deposit procedures.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 83

Fraud: Card-Absent Environment

Definition

The card issuer received:

- A complaint from a cardholder in regard to a card-absent transaction, claiming that he or she did not authorize or participate in the transaction.
- A card-absent transaction charged to a fictitious account number for which authorization approval was not obtained.

Card-absent transactions include mail order, telephone order, Internet, pre-authorized health care transactions, recurring and advance payment transactions, and no-show fees. Note: The pre-authorized health care transaction provision only applies to U.S. transactions.

Most Common Causes

The merchant:

- Processed a card-absent transaction from a person who was fraudulently using an account number.

The cardholder:

- Did not recognize a card-absent transaction on his or her statement due to an unclear or confusing merchant name.
- Had his or her account number taken by fraudulent means.

Merchant Actions

Back-Office Staff

Authorization Was Obtained and AVS or CVV2 Used

(PR) If the transaction was a MO/TO or Internet transaction and you:

- Received an authorization approval and an exact match to the AVS query (that is, a match on the cardholder's street number and ZIP code "Y" response), and have proof that the merchandise was delivered to the AVS address, send a copy of the transaction invoice, proof of delivery and any other information pertaining to the transaction to your acquirer so it may attempt a representation.
- Verified AVS or CVV2 and the card issuer gave a "U" response, you have a representation right. Inform your acquirer.

AVS and CVV2 are primarily fraud prevention tools. In some instances **they provide merchants with a representation right, but do not directly prevent chargebacks.** When used correctly, Verified by Visa prevents issuing banks from charging back fraudulent transactions.

Authorization Obtained, AVS or CVV2 Not Used

(PR) If you did not use AVS and the item has been charged back to you, send a copy of the transaction invoice, signed proof of delivery and any other information you may have pertaining to it to your acquirer so it may attempt a representation.

Card-Present Transaction

(PR) If the transaction was face-to-face and the card was present, the chargeback is invalid. To prove the cardholder participated in the transaction, provide your acquirer either with a copy of the sales receipt bearing the card imprint and signature of the customer or an authorization record proving the magnetic stripe was read.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 83

Fraud: Card-Absent Environment

Merchant Actions

Recurring Payment

(PM) Because recurring payment transactions occur on a regular basis over time, it is possible that a cardholder's account could be closed or the account number changed (e.g., if a new card is issued due to a bank merger or account upgrade). If authorization is declined on a subsequent recurring payment transaction, contact the customer to obtain updated payment information.

Point-of-Sale Staff

Obtain Authorization for All Card-Absent Transactions

(PM) Always request authorization for mail order, telephone order, Internet, and recurring transactions, regardless of the dollar amount.

Verify Account Number with Customer

(PM) For telephone transactions, always verify (read back) the account number with the customer to avoid errors.

Identify Transaction as Card-Absent

(PM) All card-absent transactions should be identified by the appropriate code for MO/TO, or Internet during both the authorization and settlement process. In most cases, this will be done automatically by your transaction-processing terminal or system, or by pressing a MO/TO indicator button. If not, be sure to write the appropriate code on the transaction receipt: "MO" for mail order; "TO" for telephone order; and "ECI" for Internet.

Owner/Manager

Risk-Management Tools

(PM) For card-absent transactions, consider using AVS, CVV2, and Verified by Visa to help reduce fraud. Contact your acquirer for more information on these important risk-management tools.

Identifying Card-Absent Transactions

(PM) Instruct sales staff to ensure that card-absent transaction receipts contain an appropriate code identifying them as either MO/TO or Internet purchases. If the appropriate code is not printed on the receipt by your transaction-processing system, sales staff should be instructed to write it: "MO" for mail order, "TO" for telephone order, and "ECI" for Internet. In addition, if your business is processing both card-present and card-absent transactions, ensure that your staff processes the transactions appropriately. Mislabeling a card-present transaction could unnecessarily result in increased chargebacks.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 83

Fraud: Card-Absent Environment

Merchant Actions

Owner/Manager

Merchant Name

(PM) The merchant name is the single most important factor in cardholder recognition of transactions. Therefore, it is critical that the merchant name, while reflecting the merchant's DBA name, also be clearly recognizable to the cardholder. You can reduce copy requests and chargebacks by working with your acquirer to ensure your merchant name, city, and state, or phone number or Internet address are properly identified in the clearing record.

(PM) The merchant is protected from a Reason Code 83: Fraud—Card-Absent Environment chargeback if the transaction has an Electronic Commerce Indicator (ECI) 5 or 6 indicating a Verified by Visa transaction. The merchant must comply with the ECI process and procedures in order to benefit from this protection.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 85
Credit Not Processed

Definition

The card issuer received a notice from a cardholder acknowledging participation in a transaction for which goods were returned or services cancelled, but:

- The cardholder has not received a written refund acknowledgement or credit voucher from the merchant.
- The credit has not appeared on the customer's Visa statement.

Most Common Causes

The merchant:

- Did not issue a credit.
- Issued the credit, but did not deposit the credit with its acquirer in time for it to appear on the cardholder's next statement.
- Did not properly disclose or did disclose but did not apply a limited return or cancellation policy at the time of the transaction.
- Did not issue a credit because the business does not accept returns (but the merchant did not properly disclose its return policy).

The cardholder:

- Did not cancel a timeshare within 14 days of the contract date or receipt date.
- Did not properly cancel a guaranteed reservation or advanced deposit transaction.

Merchant Actions

Back-Office Staff

Merchandise or Cancellation Not Received

(PR) If you never received, or accepted, returned merchandise (or a cardholder's cancellation), advise your acquirer immediately. Proof of cancellation is not required from the cardholder.

Merchandise Returned Contrary to Disclosed Policy

(PR) If the cardholder returned merchandise or cancelled services in a manner contrary to your disclosed return or cancellation policy, provide your acquirer with documentation showing that the cardholder was aware of and agreed to your policy at the time of the transaction. Specifically, the cardholder's signature must appear on a sales receipt or other document stating your return policy.

Back-of-Receipt Disclosure

If your establishment's return policy is on the back of a receipt that has been signed on the front and initialed on the back as required by Visa policy, you must provide your acquirer with copies of both sides of the receipt. If the return policy is on the back of the receipt and is not signed or initialed, you have not provided evidence of proper disclosure.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 85

Credit Not Processed

Merchant Actions

Back-Office Staff

Credit Was Issued

(PR) If a customer returns merchandise or cancels services in accordance with your disclosed return or cancellation policy, and you have already issued a credit, inform your acquirer of the date that the credit was issued.

Credit Not Yet Issued

(NR) If a customer returns merchandise or cancels services in accordance with your disclosed return or cancellation policy, and if you have not already issued a credit, accept the chargeback. Do not process a credit; the chargeback has already performed this function.

Issue Credits Promptly and Properly

(PM) Ensure credits are properly issued to the same Visa account that was used for the original Visa purchase.

Issue Credits Promptly

(CS) (PM) If merchandise is returned to you or services cancelled in accordance with your disclosed return or cancellation policy, issue a credit and send the customer a letter or postcard advising that you received the merchandise or cancellation request and have issued a credit to his or her account. Visa recommends that you note that due to timing, the credit may appear on the customer's next billing statement or the one after that. Typically, it takes up to five business days to post a credit.

Card-Absent Transactions

Gift Returns

(PR) In cases where a gift recipient has returned a gift ordered by mail, telephone, or the Internet, you may provide a cash or check refund, an in-store credit receipt, or another appropriate form of credit to the gift recipient. If the cardholder claims a credit was not issued to his or her account for the gift, provide appropriate documentation or information to your acquirer showing that the credit was given to the gift recipient.

Credits for Gift Returns

For gift returns, if credit is to be processed to a charge card, the credit must be issued to the same Visa account number that was used for the original transaction.

Point-of-Sale Staff

Issuing a Credit

(CS) (PM) If a customer returns merchandise as allowed by your company's return policy, issue a credit to the same Visa account that was used for the original transaction and give the customer a copy of the credit receipt. Tell customers to retain their credit receipts until the related credit appears on their Visa statement. For gift cards, issue a cash refund or in-store credit if the cardholder states the gift card has been discarded.

SOURCE: Visa. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 85

Credit Not Processed

Merchant Actions

Point-of-Sale Staff

Don't Wait to Issue Credits

Issue credits in a timely manner. Neglecting to issue credits promptly generates unnecessary chargebacks and creates additional back-office expenses.

Return Policy Disclosure

(PR) Be sure your establishment's return policy is clearly disclosed on sales receipts near the customer signature line before asking the cardholder to sign. If the disclosure is not properly positioned, the cardholder's signature should also be obtained in close proximity to a disclosure printed on a related document, such as a contract, invoice, or customer agreement. If the disclosure is on the back of the receipt, the cardholder must sign the front and initial the back by the disclosure statement.

Owner/Manager

Return Policy Disclosure—At Point of Sale

(CS) (PM) Post your return policy at the cash register so that it is clearly visible to customers. Keep in mind, however, that you are required to disclose your return policy on a sales receipt or other document that is signed by the cardholder at the time of the transaction.

Return Policy Disclosure—On Sales Receipts

(PM) Be sure your return policy is clearly disclosed on your sales receipts near the customer signature line. Customers need to know your policy before they complete a sale. On receipts produced by scroll printer terminals, the disclosure must be printed in close proximity to the signature line, typically at the bottom of the transaction receipt near the transaction amount. As previously noted, if your return policy disclosures are on the back of your store's receipts, the customer must sign the front of the receipt and initial the back of the receipt by the disclosure statement.

No-Return Policy Disclosure

(PM) If your business has a limited return policy or does not allow returns at all, the words "no returns" or similar words must be preprinted on all copies of the sales receipts near the cardholder signature line.

Card-Absent Transactions

Disclosure of Return/Refund Policy

(PM) Ensure that your establishment's return or refund policy is always clearly stated in your printed advertising materials, catalog and catalog order forms, and, for Internet merchants, on your electronic order screen. Always explain your policy to customers who place orders by phone. Be sure to include refund information with the initial transaction.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 85
Credit Not Processed

Merchant Actions

Card-Absent Transactions

Website Disclosures

For Internet transactions, the website must communicate its refund policy to the cardholder and require the cardholder to select a “click-to-accept” or other affirmative button to acknowledge the policy. The terms and conditions of the purchase must be displayed on the same screen view as the checkout screen used to present the total purchase amount or within the sequence of website pages the cardholder accesses during the checkout process.

For U.S. transactions, the refund must be disclosed during the order process.

Obtain Customer Signature

(PM) For card-absent merchants, processing mail order/telephone order transactions describing your return policy in a catalog (or verbally on the phone) does not constitute proper disclosure unless you also obtain a customer signature indicating that disclosure was provided. Such policy descriptions may support your case for having alerted the customer to your policy, however your return/refund policy may not support that the policy was properly disclosed.

Timeshare/Hotel Cancellations

(PM) For timeshare or hotel merchants it is important to provide proof that cardholder did not cancel the timeshare within 14 days, provide proof the cardholder did not cancel a guaranteed reservation, or provide proof the cancellation code provided is invalid.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 86
Paid By Other Means

Definition

The card issuer received a complaint from the cardholder stating that he or she paid for the transaction by other means (i.e., cash, check, or other type of card).

Most Common Causes

The cardholder initially tendered a Visa card in payment for the transaction, but then decided to use cash or a check after a credit card receipt had been completed. The merchant erroneously deposited the credit-card sales receipt in addition to the cash, check, or other payment method.

Merchant Actions

Back-Office Staff

Visa Card Was the Only Form of Payment Tendered

(PR) If a Visa card was the only form of payment tendered for the transaction, provide your acquirer with sales records or other documentation showing that no other form of payment was used.

Other Form of Payment Tendered—Credit Issued

(PR) If a Visa card sales receipt was erroneously deposited after another form of payment was used, and a credit was issued, provide your acquirer with the date of the credit. Many acquirers automatically search for credits, so you may not see these.

Other Form of Payment Tendered—Credit Not Issued

(NR) If a Visa card sales receipt was erroneously deposited after another form of payment was used, and a credit was not issued, accept the chargeback. Do not process a credit as the chargeback has already performed this function.

Point-of-Sale Staff

When Other Form of Payment Is Used, Void Visa Sales Receipt

(PM) If a customer decides to use another form of payment after you have completed a Visa card sales receipt for a transaction, make sure you void the Visa receipt and do not deposit it.

Owner/Manager

Train Staff to Void Erroneous Sales Receipts

(PM) Train sales staff in proper procedures for processing transactions where a customer decides to use another form of payment after initially offering a Visa card. Specifically, staff should be instructed to void the Visa card sales receipt and ensure that it is not deposited.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 96

Transaction Exceeds Limited Amount

Definition

The card issuer received a transaction that exceeded the allowable amount from a Limited-Amount Terminal, a Self-Service Terminal, or an Automated Fuel Dispenser (AFD) transaction.

Most Common Causes

For U.S., the merchant processed a transaction from:

- A Limited-Amount Terminal and Exceeded US \$25
- A Self-Service Terminal (excluding AFD) and Exceeded US \$50
- An AFD and Exceeded:
 - US \$150 for Visa Fleet cards
 - US \$75 for all other cards
 - US \$500 for a Real-Time Clearing transaction

For International, the merchant processed a transaction in excess of permitted amounts from:

- A Cardholder-Activated Transaction Type A
- A Cardholder-Activated transaction Type B
- A Real Time Clearing (RTC) transaction

Merchant Actions

Back-Office Staff

Transaction Was Less Than the Allowable Amount of US \$25, US \$50, or Amounts Specified for AFD

(PR) – Provide documentation to the acquirer supporting the transaction amount (e.g., copy of the sales receipt or audit tape).

Transaction Amount Exceeded US \$25, US \$50, or Amounts Specified for AFD

(NR) – Accept the chargeback. Transaction exceeded allowable limit for a Limited-Amount Terminal, a Self-Service Terminal, or an AFD.

Credit Processed on Disputed Transaction

(PR) – If the appropriate credit has been processed to the cardholder's account on the disputed transaction, send your acquirer evidence of the credit.

Credit Not Processed on Disputed Transaction – Transaction Exceeded Allowable Amount

(NR) – If the appropriate credit has not yet been processed on the disputed transaction, accept the chargeback. Do not process a credit since the chargeback has already performed this function.

Note: For AFD transactions, the amount of the card issuers' chargeback is limited to the amount exceeding the specified amounts noted above.

SOURCE: Visa. *Chargeback Management Guidelines for Visa Merchants*. 2011.



Reason Code 96

Transaction Exceeds Limited Amount

Merchant Actions

Chargeback Was Invalid

(PR) – If the transaction was not conducted at an unattended terminal (i.e., Limited-Amount, Self-Service, or AFD) provide proof to the acquirer.

Example:

The card issuer claims the transaction exceeded the allowable amount for an AFD (Merchant Category Code 5542) transaction and processed a chargeback. The original transaction amount was US \$85; the card issuer processed a chargeback for US \$10, which represents the amount that exceeded the allowable amount. The merchant's audit records show the transaction was completed inside the convenience store (Merchant Category Code 5541). The merchant provides evidence to its acquirer. In this example, the card issuer's chargeback would be considered invalid if the merchant can provide a sales receipt with the cardholder's signature and card imprint.

Note: To avoid chargebacks, ask your acquirer to verify that your AFD and convenience store terminals are accurately programmed with the correct Merchant Category Codes. All AFD terminals should have a Merchant Category Code of 5542 and your inside store location should have Merchant Category Code of 5541.

Owner/Manager

Transaction Was Above US \$25, US \$50, or Amount Specified for AFD

(PM) Evaluate potential risk of chargeback exposure by ensuring terminals are properly set at transaction amount limits.

Example:

If you are an AFD merchant, consider limiting fuel distribution to Visa's allowable amount. Complying with Visa's allowable limits will reduce your exposure to this chargeback reason code.

SOURCE: **Visa**. *Chargeback Management Guidelines for Visa Merchants*. 2011.

