# 1 Chargeback Guide for E-commerce Merchants

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CHAPTER 1

Introduction

In the e-commerce space, situations arise in which a client wishes to dispute a transaction. This can happen for a multitude of reasons, e.g., card misuse or dissatisfaction with the services provided.

When such a transaction is disputed, the Issuing Bank and the Acquiring Bank operate according to well-established guidelines in order to resolve the dispute. These procedures are designed to establish whether the merchant should retain the disputed payment or whether the funds should be transferred back to the cardholder. This process is known as a Chargeback.

It is the merchant’s responsibility to carefully monitor Chargebacks; if a merchant receives a large percentage of disputed transactions they may face fines from card schemes.

The Chargeback process can be long due to the processes and procedures of the different parties involved (Issuing Banks, card schemes, and merchant banks). Those parts of the process that are under the control of Paysafe are fully automated and are as speedy and efficient as possible.

What are Chargebacks and Retrieval Requests?

A Chargeback is the Reversal of a credit card sale transaction that arises from a processing technicality, a customer dispute, or fraudulent activity. Most Chargebacks are violations of the rules and regulations established by a payment brand such as Visa® or MasterCard® or by a debit network. Chargebacks are something every business wants to avoid, as they can result in lost revenue.

A Retrieval Request procedure is initiated when a cardholder or an Issuing Bank questions a transaction. They usually require a copy of the sales draft. A Retrieval Request is also known as a Copy Request, First Request, or a Request for Information (RFI). For card-not-present transactions, Paysafe auto-responds to Retrieval Requests on the merchant’s behalf. Issuers have the right to initiate a Chargeback if the response to a Retrieval Request is not timely, legible, or valid. Paysafe ensures all Retrieval Requests are provided in a timely manner.

Chargebacks will post to the merchant’s online statement as debits to their Current Account. Retrieval Requests will also post to the online statement but will have no financial impact. An administrative fee may be charged for each of these items.

Why do Chargebacks and Retrieval Requests occur?

These are a few reasons why you might get Chargebacks or Retrieval Requests:

- Fraud
- Product quality
- Customer service problems
- Refund problems
• Processing problems

Fraud
A cardholder may have had their card information stolen and used in a fraudulent purchase. In such circumstances the reason for the Chargeback could be one of the following:
• The cardholder states that they did not authorize or participate in the transaction.
• One of these errors occurred: invalid card, fictitious account number, unassigned cardholder account number, or incorrect card member account number.
• A warning bulletin was issued, where a card is reported lost/stolen after an authorization.
• A counterfeit transaction was processed.
• After a Retrieval Request has been responded to by the merchant:
  • The signature is missing or invalid;
  • Secondary identification is not recorded or does not reflect the cardholder;
  • The cardholder name is incorrect.

Product quality
A cardholder may have purchased a product/service and one or more of the following occurred:
• It was delivered in poor condition.
• It did not work or it broke soon after purchase.
• The product was not as described in the sales literature.

Customer service problems
A cardholder may have purchased a product/service and one or more of the following occurred:
• It was not delivered.
• They were charged incorrectly for it; or they were charged more than once.
• They were charged in the wrong currency (not the currency on their receipt).
• They were charged in a currency different from their bank currency and were not in agreement with the converted amount that appeared on their bank statement.
• There were errors in the addition of the total amount billed to them.
• A Retrieval Request/RFI has not been responded to or the information provided is insufficient to justify the debit to the cardholder.
• The cardholder paid by other means or method.
• The merchant has not supplied sufficient proof that the goods were dispatched. It is important that merchants provide as much information as possible when receiving a Chargeback/RFI and that all documentation is legible and given within the time frame stipulated.
• The cardholder is in a legal dispute with the merchant.
Refund problems
A cardholder may have purchased a product or service and one or more of the following occurred:

• They were promised a refund and did not receive one.
• The transaction was an advance booking where the cardholder cancelled prior to the date of the event.
• The cardholder has returned the goods to the merchant.
• The transaction was part of a recurring billing authority that has been cancelled.
• The cardholder paid a deposit but has since cancelled the order.
• The cardholder was promised a refund but instead were charged again (i.e., a credit was posted as a sale).

Processing problems
A transaction may have been processed where one of the following occurred:

• The card had expired.
• The total amount of the sale was split into two or more parts to achieve full authorization (split sale).
• The cardholder was debited more than once.
• There was a mis-post (i.e., the wrong card was debited).
• The card was accepted before it was valid.
• The card number was incorrect and could not be applied to an existing account.
Chargeback and Retrieval Request life cycles

Retrieval Request life cycle

If the cardholder denies involvement with the disputed transaction, the Issuing Bank may bypass the Retrieval Request process entirely and immediately raise a notification of Chargeback, without prior notice.
Chargeback Guide for E-commerce Merchants

Pre-arbitration/Arbitration – Visa

START

ISSUER
Disputes the item (if not represented) to the Card Association

ISSUER
Received Visa decision; item may be charged back – forwards Chargeback and arbitration fees to Paysafe

ACQUIRER
Receives the pre-arbitration and forwards to Paysafe

ACQUIRER
Forwards pre-arbitration to Card Association

YOU

CARD ASSOCIATION
Submits a pre-arbitration to the Acquirer

CARD ASSOCIATION
If issue not resolved through pre-arbitration, issuer may initiate arbitration. Visa reviews all information/documentation submitted by both parties to determine who has final liability for the transaction. In most cases, Visa’s decision is final and must be accepted by both the Issuer and the Acquirer.
How long does a Chargeback or Retrieval Request take?

Paysafe has established internal procedures for response deadlines based on the life cycle of a Chargeback and time allotments. Each entity (Issuing Bank, Acquiring Bank, etc.) takes a segment of time to perform tasks related to receiving notifications, preparing and dispersing information to the next entity, and then allotting time to receive the information back for processing and the next required steps.

While fund settlements flow efficiently, the process for disputes is manually intensive when gathering and sending support documentation across the same channel flows.
Once a dispute starts, the life cycle averages 30–45 days from start to finish. This allows information to flow through each entity and allows for processing and research, with each entity taking time to process and review.

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<tr>
<td>Cardholder</td>
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<td>+1</td>
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<th>Chargeback (30–45 Days)</th>
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<tbody>
<tr>
<td>Cardholder*</td>
</tr>
<tr>
<td>+5</td>
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* Cardholder has 180 days to dispute a transaction. Note that this varies by Card Association and reason for Chargeback.

Merchants have 5 business days from the date that the Retrieval Request or Chargeback appears on the merchant account to initiate the dispute process. If a merchant fails to respond and provide supporting documentation within 5 business days, they will forfeit the right of dispute.

The Retrieval Request process

Paysafe auto-responds to Retrieval Requests on the merchant’s behalf. A default transaction slip like the example below is provided to the Acquiring Bank.
Dispute process (Representment)

It is important that you log in to the Paysafe Merchant Back Office regularly to view new Chargeback entries in your Current Account. Or, you can request that a report be emailed to you daily.

From the date that the Retrieval Request or Chargeback appears in your Current Account you have 5 business days to formally dispute it and provide supporting documentation for the dispute. If you fail to do this within 5 business days you will forfeit the right of dispute.

In order for a Representment case to be considered for bank submission, the following is required:

- A document (referred to as a “sub draft”) showing the cardholder’s information (name, address, truncated card number, expiry date, CVV response, phone number, email address, IP number, etc.) and a description of the goods or services provided for this transaction. For
example, you can use the transaction details page from our Merchant Back Office Activity Reports to provide some of these details.

- Any additional items to increase your chances of winning a Representment case should be provided (e.g., proof that client accepted terms and conditions, a sales draft, the cardholder’s passport or driver’s license, a shipping signature, etc.). The more compelling the evidence, the more successful the dispute.

- The case must be presented in one file only. For example, do not send your description of the goods or services provided in the body of an email or on the cover page of a fax.

- Your case must contain chargeback details:
  - ARN (Acquirer Reference Number)
  - Paysafe Txn ID
  - Card Details (first 6 and last 4 digits)
  - Chargeback amount

- Your file should be in the following format:
  - TIF
  - Less than 500 kb
  - Black and white (no color)
  - You must submit English documents only
You can submit a dispute package in PDF format but the banks require all files to be converted to TIF format in order to be accepted by the Card Associations. PDF files that contain images, once converted to TIF, often get degraded as a result. Paysafe will not be responsible if you are unsuccessful in the dispute related to a Chargeback which may be due to an illegible dispute package received by the banks or the Card Association, as the case may be.

- Your file should be named using the transaction ID number – e.g., “TXN ID.tif”. If you fax the case, make sure the confirmation number and account number are on the cover page.
- Send your case to one of the following coordinates:
  - Email – chargebackmanagement@paysafe.com
  - Fax – +1 (514) 938-5622
- Alternatively, the case can be uploaded onto a secure SFTP server. Please refer to Chargeback disputes through SFTP on page 1-21 for more information.

Auto-dispute

When you log in to the Paysafe Merchant Back Office, you might see that a Chargeback has been disputed without your consent. Through its robust dispute management platform, Paysafe has defined rules to dispute on the merchant’s behalf. For instance, if a credit has been issued before the Chargeback has been received, an auto-dispute will be issued. Another reason to auto-dispute could be that the transaction was authenticated with 3D Secure but the Issuing Bank submitted a Chargeback anyway.

Checking dispute status

When you log in to the Paysafe Merchant Back Office, you can look for a Chargeback and see its status. The status of a Chargeback changes from Disputed to one of two values:

- Disputed - Lost
- Disputed - Won

In the example below you can see the Chargeback has a status of Disputed - Lost. You might also see a second row for a Lost Representmment, but this extra row has no financial impact.
In the example below, the Chargeback has a status of Disputed - Won. You will likely see an additional row for the Reversal of the Chargeback. This row confirms that Paysafe has returned the money to your account.
As explained in Chargeback and Retrieval Request life cycles on page 1-4, a second Chargeback can occur (even if you have won the initial dispute). When this occurs, you can request more information from Paysafe, such as the reason why the Issuing Bank filed a second Chargeback. You can decide, based on the information provided, if you will pursue arbitration. In the event that you will pursue, you can provide supplemental information in order to dispute.

- In the case of Visa, Paysafe will send you a pre-arbitration notice, after which the merchant can decide to pursue with arbitration.
  - If the merchant accepts, the merchant will be debited.
  - If the merchant declines, Visa will make the ruling based on the information provided and Chargeback rules.
- In the case of MasterCard, Paysafe is not notified in advance. Here, the merchant has 5 days after a second Chargeback to file for member mediation.

Second Chargeback/Pre-arbitration process

In order for a Second Chargeback case to be considered for bank submission, the following is required:

- Provide items specific to the reason for the Second Chargeback/Pre-arbitration. Make sure they are clear and legible (and in the recommended file format, as listed below).
- Any additional items to increase your chances of winning a Representment case must be provided (e.g., proof that the client accepted the Terms and Conditions, a sales draft, the cardholder’s passport or driver’s license, a shipping signature, etc.). The more compelling the evidence, the more successful the dispute.
- The case must be presented in one file only. For example, do not send your description of the goods or services provided in the body of an email or on the cover page of a fax.
- Your case must contain chargeback details:
  - ARN (Acquirer Reference Number)
  - Paysafe Txn ID
  - Card Details (first 6 and last 4 digits)
  - Chargeback amount
- Your file should be in the following format:
  - TIF
  - Less than 500 kb
  - Black and white (no color)
  - You must submit English documents only

You can submit a dispute package in PDF format but the banks require all files to be converted to TIF format in order to be accepted by the Card Associations. PDF files that contain images, once converted to TIF, often get degraded as a result. Paysafe will not be responsible if you are unsuccessful in the dispute related to a Chargeback which may be due to an illegible dispute package received by the banks or the Card Association, as the case may be.

- Your file should be named using the transaction ID number – e.g., “TXN ID.tif”. If you fax the case, make sure the confirmation number and account number are on the cover page.
Send your Representment case to one of the following coordinates:

- Email – chargebackmanagement@paysafe.com
- Fax – +1 (514) 938-5622
- Alternatively, the case can be uploaded onto a secure SFTP server. Please refer to Chargeback disputes through SFTP on page 1-21 for more information.

Common Chargeback reason codes

Here are a few of the most frequent reason codes for Chargebacks, along with details on how to dispute them. For a complete list of Chargeback reason codes see Appendix C: Chargeback Reason Codes.

VI 72 – No Authorization

- Used When: Authorization was not obtained for a transaction.
- Chargeback Conditions: Issuer verified that no valid authorization was granted.
- Reversal Conditions: The Chargeback can be reversed with proof that the transaction was authorized properly. Authorization is valid for 7 days after the transaction date for Visa purchases.
- Dispute Package:
  - Transaction detail

If authorization and transaction amounts differ, the Issuer is responsible for the amount actually authorized, while the merchant is liable for the unauthorized amount. This is a Visa-only reason code.

VI 82/MC 4834 – Duplicate Processing

- Used When: Merchant processed the transaction more than once, causing the cardholder to be debited multiple times.
- Chargeback Conditions: Issuer must charge back any additional transactions while providing the reference number of the first transaction. If another Acquirer processed the first transaction, the Issuer no longer is required to obtain a copy of the sales draft, but must provide the other Acquirer Reference Number (ARN).
- Reversal Conditions: The Chargeback can be reversed if the merchant can provide proof that there were two separate transactions.
- Dispute Package:
  - Separate transaction details indicating the date and time of each of the transactions
  - Separate Invoices
  - Shipping tracking details indicating the customer accepted the packages

Transaction amounts do not necessarily need to be for the exact amount, but they must be similar.
VI 85/MC 4860 – Credit Not Processed

- **Used When:** Credit voucher or refund acknowledgment was not processed. Goods were returned and no written refund acknowledgment was received from the merchant.

- **Chargeback Conditions:** Cardholder states goods were returned or services cancelled. Issuer must supply the credit voucher or refund acknowledgement as supporting documentation or if no written acknowledgement was received, then the date the cardholder returned the merchandise. If the credit vouchers are dated, Issuer must allow 30 days to process the credit before initiating a Chargeback.

- **Reversal Conditions:** The Chargeback Reversal can be attempted with proof that the credit was processed or the merchant states that the returned merchandise was not received.

- **Dispute Package:**
  - Transaction detail
  - Invoice
  - Shipping tracking details indicating customer accepted delivery
  - Terms and Conditions on returns
  - Merchant indicating in a paragraph that merchandise was not received
  - Proof of credit issued

VI 41/MC 4841 – Cancelled Recurring Transaction

- **Used When:** Merchant continues to bill cardholder for a recurring transaction after receiving notification of cancellation from the cardholder or Issuer.

- **Chargeback Conditions:** Issuer must supply cardholder letter indicating that the cardholder withdrew permission to charge this account. If cardholder letter is not available, Issuer may supply certification that the account is closed and further instalments should be stopped.

- **Reversal Conditions:** The Chargeback Reversal can be attempted if merchant is able to show that a cancellation request was not received.

- **Dispute Package:**
  - Transaction detail
  - Invoice
  - Terms and Conditions on cancellations
  - Merchant indicating in a paragraph that no request to cancel was submitted and/or when customer cancelled it was not within the merchant’s Terms and Conditions on cancellations

VI 30 – Services Not Provided or Merchandise Not Received/
MC 4859 – Services Not Rendered

- **Used When:** Merchant was unwilling or unable to provide purchased services; or services were paid for using another method.

- **Chargeback Conditions:** Issuer must supply cardholder letter indicating where the cardholder is stating that services were not received (or paid for using another method) and that the cardholder made an attempt to resolve the dispute with the merchant.
• Reversal Conditions: The Chargeback Reversal can be attempted if the merchant can show that services were rendered or can provide an explanation that substantiates the validity of the transaction.

• Dispute Package:
  • Transaction detail
  • Invoice with description of what services were to be provided
  • Shipping tracking details indicating customer accepted delivery
  • Proof that service was rendered

VI 53 – Not as Described or Defective Merchandise/
MC 4853 – Cardholder Dispute Defective or Not as Described
• Used When: Cardholder received merchandise that was in a defective condition, in an otherwise unsuitable condition for the purpose sold, or not as described/displayed on the merchant’s website.

• Chargeback Conditions: Issuer must supply a cardholder letter indicating that the merchandise received was broken or otherwise unsuitable for purpose sold. This Chargeback can only be exercised after 30 days have elapsed from when the cardholder returned or attempted to return the merchandise. Minimum Chargeback amount for Visa is $10.00.

• Reversal Conditions: Chargeback Reversal can be done with proof that the merchandise was not defective, the product shipped was as displayed, a credit was issued, or the merchant states he has not received the returned merchandise.

• Dispute Package:
  • Transaction detail
  • Invoice with description of what services were to be provided
  • Shipping tracking details indicating customer accepted delivery
  • Proof of credit issued

The merchandise must be shipped in order to qualify for defective merchandise.

VI 75 – Cardholder Does Not Recognize the Transaction/
MC 4863 – Cardholder Does Not Recognize – Potential Fraud
• Time Limit: 120 Days (From Transaction Date)

• Used When: The cardholder states in writing that neither they nor anyone authorized by them engaged in the transaction.

• Chargeback Conditions: Issuer can charge back if it can provide a written cardholder letter complaint stating that neither the cardholder nor any persons authorized by them engaged in the transaction. Issuer can charge back for non-counterfeit transaction (lost or stolen) occurring at a card-activated terminal.

• Reversal Conditions: Chargeback reversal can be attempted if merchant has sales draft information, proof of AVS match and signed proof of delivery.
• Dispute Package:
  • Transaction detail (indicating positive AVS, and CVV/CVV2)
  • Invoice indicating merchandise was shipped to positive AVS address
  • Shipping tracking details indicating signed receipt packages (signed by the cardholder)

No Chargeback right exists showing CVV/CVV2 equal “U” and/or AVS response code equal “M” (match).

Pre-compliance Chargeback

A pre-compliance Chargeback is an exception. It is issued after a merchant successfully disputes a Chargeback, but the Issuing Bank disagrees with the outcome. Paysafe will accept a pre-compliance Chargeback on your behalf. The act essentially turns the previous Representment win into a loss. This exception won’t affect the Chargeback-to-transaction ratio; the damage was done with the original Chargeback that was filed and won’t be assessed a second time.

This procedure is applicable in case of violation of any rules governing transactions, with no Chargeback rights available and resulting in financial loss. For example:
  • Transaction amount is split.
  • Delayed/amended charges processed without cardholder’s consent or out of time frame.
  • The merchant bills the cardholder for a delinquent account, or for the collection of a dishonored check.
  • The merchant re-posts a charge after the card Issuer initiated a Chargeback.
  • The merchant insists that the cardholder sign a blank sales draft before the final dollar amount is known.

How Paysafe can help

Please speak to your account manager regarding the Risk Management tools below.

Risk Rules Engine

Our proprietary Risk Rules Engine has been evolving over many years and is at the core of our technology. Our solution allows for near real-time decisioning and allows for a quick response to potentially fraudulent transactions.

By leveraging our global experience, industry best practices, and your concerns, Paysafe creates effective rules tailored to your business. Rules can be built around velocity, geo-location mismatches, AVS/CVV validation, fraud scoring, etc.

They can be created to Approve, Decline, Hold, or Challenge data and can be customized to best suit your ability to handle day-to-day activity.

Chargeback alert program

Paysafe’s strategic partnerships with Ethoca and Verifi help manage fraud and Chargebacks. Our combined technologies capture disputed transactions directly from many Issuing Banks in Can-
ada, United States, and the UK. By leveraging this feature, we proactively refund disputed transactions on your behalf and send you a notification, helping you to avoid Chargebacks.

**ThreatMetrix**

ThreatMetrix offers frictionless, real-time device fingerprinting to analyze consumer behavior, assisting you with fraud detection and prevention. Paysafe facilitates the acquiring of a ThreatMetrix account, configuring and maintaining rules and leveraging Paysafe’s Risk Rules Engine to control transactional outcomes. Implementation of ThreatMetrix on your account is simple and transparent to your customers.

**Identity/age verification**

We have integrated to several leading identity intelligence solutions with coverage of key geolocations to perform Know-Your-Customer and Knowledge-Based Authentication verifications. Validate your customer’s identity by comparing account details against a variety of data sources and/or by asking multiple choice questions. This gives your business the intelligence and confidence needed to accurately verify customers upon registration.

**3D Secure**

We offer 3D Secure through Cardinal Commerce for our merchants on our Web Services platform or directly through Visa and MasterCard for our merchants on our REST-based 3D Secure API. 3D Secure allows cardholders to authenticate themselves while making online payments, helping to protect merchants from fraud. Cardinal Commerce offers more flexibility than traditional services by allowing control over which transactions are to be authenticated, resulting in less consumer friction. Cardinal, along with Paysafe’s Risk Rules Engine, helps to ensure more transactions are authenticated with less manual review.

**AVS/CVD**

We offer both AVS (Address Verification System) and CVD (Card Verification Digits) tools as part of our standard setup. AVS helps to ensure the numerical portion of the address provided for the transaction matches the information of the consumer’s financial institution. CVD is the 3 digits found on the back of cards issued by Visa and MasterCard (Card Identification Digits [CID] for American Express and Discover cards) that help to ensure the consumer is in possession of the card. Paysafe can help further with our Risk Rules Engine, by allowing only certain responses from AVS and CVD, or a combination thereof, to be settled.

**How merchants can help themselves**

The best way to prevent Chargebacks is to establish best practices at the time of sale that are followed by all employees.

**General practices**

- Never alter a sales amount.
- Always obtain an authorization for the exact amount of the transaction processed to the card.
- If an authorization is declined do not try to get an approval by splitting or lowering the transaction amount.
• If you are unable to obtain a single authorization for the full amount of the sale, then decline the credit card transaction and request another form of payment or request that the consumer contact their Issuing Bank to resolve any issues they may have.

• Promptly respond to all Chargeback postings with valid, legible documentation.

• It is recommended that all AVS results be reviewed and that the CVV (Card Verification Value) be required.

• Always obtain the customer’s full name, complete address, phone number, and email address.

• Be cautious if the shipping address is not the same as the billing address. Be extra cautious if shipping to countries known for high fraud levels.

• For future delivery merchants, such as hotels and conference room bookings, requesting submission of photo ID with signature can be a valid fraud-protection method.

Website criteria
• Ensure the currency of the transaction is clearly indicated on the website.
• Provide a complete description of goods and services offered as well as their current availability.
• Display your company legal name and country of incorporation.
• Divulge all export restrictions.
• Display your delivery policy.
• Employ a clear return and refund policy.
• Make your Customer Service contact information easily accessible (address, phone, and email options).
• Keep inventory information on the website up to date.
• Clearly state policies on free trial periods and if/when automatic billing will occur after a trial period runs out.

Processing of refunds
• When a customer is due a credit, process the refund back to the original card instead of refunding by cheque or other means.
• Maintain a generous refund policy that is clearly indicated on the website.
• Process all refunds promptly.
• Do not attempt to refund a transaction that has a Chargeback or Retrieval Request posted against it. The system will not allow the refund to settle. Note that in the case of a Chargeback the funds have already been returned to the consumer by the Issuing Bank.
• Issue refunds in the exact amount of the original sale. Do not split refunds into multiple amounts.

Customer service, fraud control and quality of product
• Ensure your products/services are of high quality and are exactly as described in your sales description.
• Deliver your product/services within the time frame promised to the customer.
• Ensure that customer service is easily reached by the consumer.
• Ensure that transactions are quality controlled so that there are no duplicate or keying errors.
• Review transactions for anomalies, multiple purchases using the same card, multiple failed transactions, etc.

Delivery policy
• Ensure your website clearly indicates realistic shipping/delivery times and costs.
• If a delivery will be delayed due to any unforeseen reason, let the cardholder know about the delay as well as the new expected delivery date.
• On larger purchase amounts have the courier obtain the cardholder’s signature to show proof of delivery.
• Use a courier that can provide online tracking to help confirm delivery of a package and to provide the customer with additional information.
• Retain documentary evidence of proof of delivery of goods along with a complete description of the goods/services provided for a period of at least 12 months.

Chargeback management

It is important that merchants log in to the Paysafe Merchant Back Office regularly to view new entries in their merchant account. Or, merchants can request that a report be emailed daily.

Reporting tools

Paysafe offers reporting tools specifically created to manage Chargebacks. These readily available reports can be automated to be sent to your email address in a variety of formats, allowing you to keep a close eye on incoming Chargebacks so that you can efficiently manage them. You can set up reports directly in the Paysafe Merchant Back Office under the Scheduled Reports tab.

Some of the reports available are:

• **Chargebacks and Retrievals with Disputes** – Provides Chargebacks and Retrieval Requests, along with any associated disputes, including record IDs and confirmation numbers.
• **Daily Chargebacks and Reversals** – Provides a daily list of Chargebacks and Reversals.
• **Daily Chargebacks and Reversals Advanced** – The Daily Chargebacks and Reversals report, along with any associated disputes.

If you have any questions on how to set up reports in the Merchant Back Office or on which report would best suit your needs, please contact the Support team at customersupport@paysafe.com.

**Chargeback disputes through SFTP**

You can upload Chargeback dispute files to Paysafe securely via SFTP. This is a network protocol that provides file access, file transfer, and file management over any reliable data stream. Our SFTP solution offers server-to-server communication and will allow us to process your disputes automatically by retrieving your dispute documents directly in the SFTP folder set up between your server and Paysafe servers. If you wish to set up an SFTP folder please contact the Support team at customersupport@paysafe.com who will send you detailed instructions.
Glossary

3D Secure

3D Secure allows cardholders to authenticate themselves with a PIN while making an online payment, providing merchants a level of protection from fraud. Banks see that the transaction has been authenticated and are more likely to approve the transaction.

- 3D Secure by Visa is called Verified by Visa
- 3D Secure by MasterCard is called Secure Code
- 3D Secure by American Express is called SafeKey

Acquirer

An Acquirer (also known as Acquiring Bank) is a bank or financial institution that processes credit or debit card payments on behalf of a merchant. The term indicates that the merchant accepts or acquires credit card payments from the Issuing Banks within an association.

ARN

This is the Acquirer Reference Number, a unique identification reference number assigned to each settlement transaction by the Acquirer.

AVS

Address Verification Service is a service that Issuing Banks perform during authorization in which the billing address that customers enter when placing an order are compared to their addresses kept on record at the bank. AVS checks whether the numeric address and zip code match. Depending on the accuracy of the match between these two addresses, the system returns an AVS flag which the merchant can use for making a decision about the request. Note that regardless of the AVS flag, the credit card will be authorized by the Issuing Bank.

Card Association

This is an organization owned by financial institutions that licenses bank credit card programs. The bank Card Association also performs operational functions for its members, including transaction processing and authorizations, interchange settlements, and fee processing. The two best-known bank Card Associations are Visa and MasterCard.

Chargeback

A Chargeback occurs when a cardholder disputes a card purchase with their Issuing Bank. The Issuing Bank initiates a Chargeback against the merchants account and refunds the cardholder. Then, if there is no proof forthcoming that the cardholder is responsible for the purchase, that amount of money is deducted from the merchant’s account in order to reimburse the Issuing Bank. After the Issuing Bank raises a Chargeback, the merchant and Acquirer have 45 days to reply.
CVD

CVD (or CVV) is a 3- or 4-digit code on credit cards that act as an anti-fraud security feature to help verify that the customer in a card-not-present purchase is actually in possession of the credit card. Visa’s Card Verification Values (CVV2), MasterCard’s Card Validation Code (CVC2), and the Card Identification Digits (CID) for American Express and Discover cards are generated using a combination of the credit card number, expiration date, etc.

Dispute

See Representment on page A-3.

Dispute Pack

A dispute pack is a group of documents sent by merchants to defend against Chargebacks they have received. See Common Chargeback reason codes on page 1-14 for more details on specific dispute package contents.

Issuer

The Issuer (also known as Issuing Bank) is the financial institution that issues cards to consumers on behalf of the Card Associations. The Issuing Bank is also known as the credit or debit card company.

Merchant Back Office


Processor

A Processor is an organization that is contracted with the Acquirer to process card transactions. In some cases the Acquirer is also the processor.

Payment Gateway

The payment gateway is the service provider’s system that relays transaction information from the merchant to the processor. The payment gateway is responsible for acquiring the transaction authorization and for securely encrypting data.

Platform

See Payment Gateway on page A-2.

Pre-arbitration

After the Representment of a transaction from the Acquirer to the Issuer, the Issuer may determine that, for some reason, the transaction may be invalid. The Issuer may then return the transaction to the Acquirer as a Chargeback for possible remedy – this is the pre-arbitration.
Pre-arbitration is applicable for Visa Chargebacks only. For MasterCard please see Second Chargeback on page A-3.

Pre-compliance Chargeback

A pre-compliance Chargeback, under reason code 98, is the name given to a Chargeback that was not handled by the Visa or the MasterCard Chargeback management system. Essentially, this coding provides injunctive relief on a Chargeback case you disputed and would normally win, reversing this win to a loss Paysafe accepts in order to resolve the case. A pre-compliance Chargeback does not get counted against your Chargeback threshold.

Representment

A Representment occurs when either the merchant or Paysafe disputes a Chargeback in order to recover funds charged back by an Issuer. The Representment is transmitted to the Card Association and ultimately to the Issuing Bank.

Retrieval Request

A Retrieval Request (also known as a copy request or a Request for Information) is a request for information about a cardholder’s transaction, received from the Acquiring Bank through the Card Association and originating from the Issuing Bank. If a Retrieval Request is not submitted by the Acquirer within 14 days, the Issuer can raise a Chargeback.

Reversal

A Reversal occurs when a Chargeback dispute is won. At this point, the Chargeback amount is re-charged to the cardholder and the funds are returned to the merchant.

Second Chargeback

A Second Chargeback, applicable for MasterCard only, is a second Presentment. After the first Presentment of a transaction from the Acquirer to the Issuer, the Issuer may determine that, for some reason, the transaction may be invalid. The Issuer may then return the transaction to the Acquirer as a Chargeback for possible remedy.
APPENDIX B

FAQ

What is a Retrieval Request?

Retrieval Requests occur when cardholders contact their Issuing Banks and ask for more details regarding transactions appearing on their credit card statements. This typically happens when a cardholder does not recognize the charge. The Issuer requests information about a charge that is being disputed. This is the initial step the Issuer takes in the event that either the Issuer or the cardholder disputes a transaction. A Retrieval Request is a request from the Issuing Bank to the merchant’s bank and ultimately to the merchant for a copy or facsimile of a sales transaction receipt.

Please note that Paysafe auto-responds to Retrieval Requests, outlining detailed information regarding the transaction (merchant information, cardholder information, and transaction details).

Once our auto-response is received by the Associations (Visa/MasterCard), the Retrieval Request case will be fulfilled and closed. They will not accept any additional documents. You are not required to respond to these Retrieval Request records. However, note that Chargeback records should be responded to as soon as possible to not miss any Chargeback dispute rights.

What is a Chargeback?

A Chargeback occurs when a cardholder disputes a card purchase with their Issuing Bank. The Issuing Bank initiates a Chargeback against the merchant’s account and refunds the cardholder. After the Issuing Bank raises a Chargeback, the merchant and Acquirer have 45 days to reply.

How long will it take to get a response for a dispute?

The dispute process involves many steps and various downstream stakeholders. Therefore, it is impossible to provide an exact time frame for the dispute responses. If you have questions about dispute responses, please call the Support department at (888) 709-8753 or email them at customersupport@paysafe.com.

Why is the Chargeback amount different from the original transaction?

If a card was charged in a different currency from the merchant account you hold (e.g., USD/CAD) then the Chargeback amount might be different based on the currency exchange rate on the day of the transaction and the day of the Chargeback.

I sent an email to Chargebacks … why haven’t I received a response?

Rest assured that all dispute documents are received and handled so that your Chargeback can be disputed in due time. If you have any questions, please call the Support department at (888) 709-8753 or email them at customersupport@paysafe.com.

How do I find out if my Chargeback was disputed?

The status of your Chargeback will change in the Merchant Back Office once the dispute has started. If the dispute is successful the Chargeback status will be “Disputed - Won”. If not, then the status will be “Disputed - Lost”.

chargeback guide for e-commerce merchants
How do I find out if I won a dispute?

If the Chargeback is won then its status will be changed to “Disputed - Won”.

Can I get notifications directly by email?

You can set up reports to be emailed to you every time a Chargeback is received. This can be done using the Scheduled Reports tool in the Merchant Back Office. Should you have any questions on how to set up a report or which report would be best for you, please call the Support department at (888) 709-8753 or email them at customersupport@paysafe.com.

What can be submitted to dispute Chargebacks?

The collateral required to dispute a Chargeback varies with the Chargeback reason codes. See Common Chargeback reason codes on page 1-14.

What are the fees associated with the Chargeback/Reversal?

As per your contract, Chargeback fees will be charged each time you have a Chargeback. If you have any questions concerning those fees, please refer to your contract. Should you have any other questions, please call the Support department at (888) 709-8753 or email them at customersupport@paysafe.com.

What is the deadline to submit a dispute once I see a Chargeback posted?

Once the Chargeback is posted you have 5 business days to send in your dispute documents to the Chargebacks department at chargebackmanagement@paysafe.com.

How does a Chargeback affect me?

Chargebacks can affect you in several ways:

• You pay fees for each Chargeback received.
• The transaction fee you paid for the original transaction that is being charged back is kept by the processor.
• You can lose shipping costs if you have shipped goods to the consumer.
• You run the risk of fines from the bank if your Chargeback rates are elevated.
• Your company’s reputation can be tarnished.
• You could end up on the MATCH list.
• At worst, you can lose your e-commerce merchant account.

Should you have any questions, please call the Support department at (888) 709-8753 or email them at customersupport@paysafe.com.

What is a Visa Pre-arbitration?

A Visa Pre-arbitration case occurs when the cardholder and Issuing Bank continue to dispute a Chargeback that we have previously reversed on your behalf.

Per Visa regulations, the Issuer is the party that would initiate a Pre-arbitration case.

A Visa Pre-arbitration is a formal request from the Issuer advising the Acquirer (the merchant’s bank) that they feel that their cardholder’s claim is valid and that they will request Visa make an arbitration ruling on the dispute. When the situation escalates to the Pre-arbitration stage, there are two options available to you:
• Accept the case, which will initiate a second debit to your account for the amount of each of the trans-
actions and end the dispute.
• Decline the case, which will indicate that you wish to continue to contest the dispute. A second debit 
for each transaction will not be initiated at this time.

Please note that if you choose to decline the case, the Issuing Bank has the right to file an Arbitration case 
with Visa and its Review Committee. If Visa rules in the Issuer/cardholder’s favor, you will then be deb-
ited for the amount for each of the transactions as well as any associated Visa fees, up to and including a 
$250.00 filing fee and a $250.00 ruling fee per case.

💡 MasterCard does not have pre-arbitration. Please consult Second Chargeback on page 
A-3 for more information.

What is a Lost Representment?

A Lost Representment occurs when the Issuing Bank has deemed the Chargeback dispute documenta-
tion insufficient for a Reversal and has therefore updated the status of your Chargeback to a Lost Repre-
sentment (denied Reversal).

I have issued a credit to the cardholder, so why did I receive a Chargeback?

If you have issued a credit for a transaction and then received a Chargeback, this is most likely due to the 
fact that the Chargeback was issued before the credit was processed. This is not uncommon as there is a 
time delay between the client requesting a Chargeback and the bank sending the information to Paysafe.
In this case, the Chargeback will be auto-disputed and automatically be reversed in your favor.
### Chargeback Reason Codes

#### Visa

**Table C-1: Visa Chargeback Codes**

<table>
<thead>
<tr>
<th>Chargeback Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Services Not Provided or Merchandise Not Received</td>
</tr>
<tr>
<td>41</td>
<td>Cancelled Recurring Transaction</td>
</tr>
<tr>
<td>53</td>
<td>Not As Described/Defective Merchandise</td>
</tr>
<tr>
<td>57</td>
<td>Fraudulent Multiple Transactions</td>
</tr>
<tr>
<td>60</td>
<td>Requested Copy Illegible</td>
</tr>
<tr>
<td>62</td>
<td>Counterfeit Transaction</td>
</tr>
<tr>
<td>71</td>
<td>Authorization Request Declined/Declined Authorization</td>
</tr>
<tr>
<td>72</td>
<td>No Authorization/Transaction Exceeds Floor Limit</td>
</tr>
<tr>
<td>73</td>
<td>Expired Card</td>
</tr>
<tr>
<td>74</td>
<td>Late Presentment</td>
</tr>
<tr>
<td>75</td>
<td>Cardholder Does Not Recognize the Transaction</td>
</tr>
<tr>
<td>76</td>
<td>Incorrect Transaction Code</td>
</tr>
<tr>
<td>77</td>
<td>Non Matching Account Number</td>
</tr>
<tr>
<td>79</td>
<td>Requested Transaction Information Not Received</td>
</tr>
<tr>
<td>80</td>
<td>Incorrect Transaction Amount or Account Number</td>
</tr>
<tr>
<td>81</td>
<td>Fraudulent Transaction - Card Present Environment</td>
</tr>
<tr>
<td>82</td>
<td>Duplicate Processing</td>
</tr>
<tr>
<td>83</td>
<td>Fraudulent Transaction - Card Absent Environment</td>
</tr>
<tr>
<td>85</td>
<td>Credit Not Processed</td>
</tr>
<tr>
<td>86</td>
<td>Paid by Other Means</td>
</tr>
</tbody>
</table>

#### MasterCard

**Table C-2: MasterCard Reason Codes**

<table>
<thead>
<tr>
<th>Chargeback Reason Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4801</td>
<td>Requested Transaction Data Not Received</td>
</tr>
<tr>
<td>4802</td>
<td>Requested Item Illegible</td>
</tr>
<tr>
<td>4807</td>
<td>Warning Bulletin File</td>
</tr>
<tr>
<td>4808</td>
<td>Requested/Required Authorization Not Obtained</td>
</tr>
<tr>
<td>Chargeback Reason Code</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>4812</td>
<td>Account Number Not on File</td>
</tr>
<tr>
<td>4831</td>
<td>Transaction Amount Differs</td>
</tr>
<tr>
<td>4834</td>
<td>Duplicate Processing</td>
</tr>
<tr>
<td>4835</td>
<td>Card Not Valid or Expired</td>
</tr>
<tr>
<td>4837</td>
<td>Fraudulent Mail/Phone Order Transaction</td>
</tr>
<tr>
<td>4840</td>
<td>Fraudulent Processing of Transactions</td>
</tr>
<tr>
<td>4841</td>
<td>Cancelled Recurring Transaction</td>
</tr>
<tr>
<td>4842</td>
<td>Late Presentment</td>
</tr>
<tr>
<td>4847</td>
<td>Exceeds Floor Limit, Not Authorized, and Fraud Transactions</td>
</tr>
<tr>
<td>4849</td>
<td>Questionable Merchant Activity</td>
</tr>
<tr>
<td>4850</td>
<td>Credit Posted As a Debit</td>
</tr>
<tr>
<td>4853</td>
<td>Cardholder Dispute Defective/Not As Described</td>
</tr>
<tr>
<td>4854</td>
<td>Cardholder Dispute-Not Elsewhere (U.S. only)</td>
</tr>
<tr>
<td>4855</td>
<td>Non-receipt of Merchandise</td>
</tr>
<tr>
<td>4859</td>
<td>Services Not Rendered</td>
</tr>
<tr>
<td>4860</td>
<td>Credit Not Processed</td>
</tr>
<tr>
<td>4862</td>
<td>Counterfeit Transaction Magnetic Stripe POS Fraud</td>
</tr>
<tr>
<td>4863</td>
<td>Cardholder Does Not Recognize - Potential Fraud</td>
</tr>
</tbody>
</table>