# Chargebacks

Understanding the facts.
Reducing the risks.

SUNCORP BANK
Business

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# Protect your business against costly chargebacks.

We've created this guide to help protect your business against chargebacks. It explains what they are, how they occur and what you can do to prevent them costing your business money. Please take a few minutes to read the guide, and understand how you can better protect your business.

## What's a chargeback?

A chargeback occurs when a cardholder disputes a card transaction that's been processed through your merchant facility. If the dispute is settled in favour of the customer, the original transaction amount will be 'charged back' to your merchant settlement account. That means your business bears the cost.

# How do chargebacks occur?

Chargebacks occur for several reasons. Some of the most common ways are listed below, though there may be others not included here.

## Customer disputes

- The customer claims that goods and services were faulty or not received;
- The customer claims that they did not authorise the transaction on their card;
- The customer does not recognise the transaction or merchant name.

## Processing errors

- The transaction has been duplicated;
- The card number is invalid;
- The transaction has been paid by other means;
- Refund has not been processed.

## Authorisation errors

- The merchant floor limit is exceeded without authorisation. (Remember, the floor limit for Visa and MasterCard transactions is zero, which means authorisation must be obtained for all transactions).

## Fraud

- An unauthorised transaction has occurred on the card number;
- The transaction is carried out without the cardholder's authority;
- The transaction is carried out on a lost or stolen card.

# Retrieval requests.

A chargeback may result if a retrieval request is left unanswered, returned late or submitted without the proper supporting documents.

A retrieval request is a request from the cardholder's bank (the issuing bank) to Suncorp Bank (the acquiring bank) for information about a specific transaction you've processed. We then ask you to provide supporting documentation for this transaction within a specified timeframe.

- For **Card Present** transactions, you'll usually need to provide a sales receipt from your EFTPOS terminal, that shows that a pin number was entered or that it has been signed by the cardholder where prompted to do so by the EFTPOS terminal.
- For **Card Not Present** transactions, you'll be asked to provide all documentation relating to the transaction, such as invoices, proof of delivery, quotations, emails or any other cardholder correspondence. (Find out more about Card Not Present transactions on page 7.)

If the proper documentation is not provided by the date specified, or is incomplete, or illegible, or not accepted by the cardholder's issuing bank for any other reason, a chargeback may occur.

## Don't forget…

Keep records of all your transactions for at least 13 months.

Chargebacks can take place up to 12 months from the date of the transaction, or from the date when the goods or services should have been delivered, if this is after the payment date.

# What can you do to prevent chargebacks?

Avoiding chargebacks is often a case of keeping accurate records and taking common sense precautions. For instance:

- Always ensure that customer refunds are made to the card used in the original transaction;
- Always deliver goods or services as advertised;
- Keep any paperwork confirming that the goods were collected or received by the customer;
- Be wary of large, unusual transactions that don't match your usual transaction type;
- Don't attempt to re-process a transaction that's been declined – always ask for another payment method;
- Don't estimate transaction amounts, and process the transaction only when the final amount is known;
- Make sure the trading name on your customer receipts is clearly recognisable;
- Try to resolve transaction disputes promptly;
- Always tap, insert or swipe the card if the physical card is present, rather than entering the card number manually;
- Always obtain a PIN or signature where applicable;
- Ensure your staff understand and follow the correct point of sale procedure, and always:
  - Make sure the transaction receipt is accurate and legible;
  - Hand the customer copy to the cardholder;
  - Keep the merchant receipt, in a safe storage place away from sunlight.

# Card Not Present transactions.

Card Not Present transactions carry an increased risk of chargebacks because the cardholder does not physically enter a PIN or sign the sales voucher at time of purchase.

To reduce your risk of Card Not Present chargebacks, there are some additional precautions you should take:

- Advertise and process goods or services under the same trading name;
- Always check that the card has not expired;
- Obtain authorisation for the transaction before any goods are shipped;
- Don't debit the customer's card until you're ready to ship the goods;
- Always provide the customer with a receipt;
- Display your trading name clearly on the cardholder's receipt;
- If goods are going to be delayed, notify the customer of the new delivery date;
- Make sure any recurring payments are authorised by the cardholder in writing prior to processing;
- Make a careful note of the customer's billing and shipping addresses;
- Obtain the cardholder's phone number and call them to reconfirm just before shipping;
- Email confirmation of the order to the cardholder before shipping;
- Deposit any manual sales vouchers within the appropriate timeframe, manual sales vouchers should only be used when there is a technical fault with you EFTPOS terminal, please ensure the fault is immediately reported to Suncorp Bank;

- Check that you are not receiving multiple orders from the same card or email address;
- Never process transactions that don't conform to your usual business practices, such as:
  - Payments made via Western Union;
  - Payments made to couriers for collecting or dropping off merchandise.
- Always ensure that customer refunds are made to the card used in the original transaction;
- For face to face transactions, if there is an error or decline response when inserting, tapping or swiping the card when processing the transaction, do not let the person with the card take over the EFTPOS terminal and key in the card number and process the transaction.

## Did you know…?

In most circumstances, you will be liable for the chargeback if the cardholder denies making a Card Not Present transaction.

**To find out more about protecting your business against chargebacks:**

**suncorpbank.com.au**

**Call 13 11 75**

**local branch**

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Merchant facilities are issued by Suncorp-Metway Ltd ABN 66 010 831 722. To approved applicants. Terms and conditions, fees and charges apply and are available on request.
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