



## Important information about Disputes, Chargebacks and Fraud

## Handling disputes and Chargebacks



This guide provides information about how we can work together to avoid disputes and Chargebacks. You will also find some handy tips on how to minimise the risk of fraudulent transactions.

### Our aim is:

- To help minimise costs.
- To avoid misunderstandings associated with enquiries and Chargebacks for you and your customers.

### Industry Definitions

#### What is a dispute?

**A dispute is when a Cardmember doesn't recognise a transaction or they do not agree with the amount of the transaction. We call this query a dispute.**

The vast majority of Cardmembers pay their American Express® bill upon receipt. However, occasionally, a Cardmember may question a Charge, either because they don't recognise it or they want additional information about the transaction. We call this query a dispute. Usually this occurs within the first 60 days after the Cardmember receives their billing statement.

#### What is a Chargeback?

**A Chargeback is a debit for the amount of the disputed charge that American Express is entitled to collect from a Merchant.**

If a Cardmember questions a transaction on their statement, we may contact you to get some further information on the transaction. In many cases disputes are incorrect and the Charge stands. However, in some circumstances the dispute is upheld and we credit the Cardmember and debit the Merchant. This is known as a Chargeback.





## Notifying you about a dispute or Chargeback

In the event that a Cardmember questions a Charge, we try to resolve it at American Express. Failing that, we may contact you for further information. **We will send you a 'Request for Information' letter describing the reason for the dispute, and detailing the documents that we require from you in support of the transaction. Please ensure you respond to this letter by the reply-by date indicated on the letter.**

In certain circumstances we will debit disputed Charges without sending a 'Request for Information' letter. For example, Merchants with high enquiry rates or those conducting transactions in what are considered risky business environments may be required to accept full recourse on all enquiries. In this instance, Cardmember disputes are immediately Charged back. You will be notified about these Chargebacks on your monthly statement or via Online Merchant Services (OMS) if you manage your account online.

## How to handle a Request for Information letter

Should you receive a Request for Information letter, you can respond either by post or fax. **Please ensure you send all the documents we have requested in the Request for Information letter before the reply date on the request.** If you don't reply by that date, American Express will deduct the Charge value from your Merchant account.

## Next steps once you have returned the Request for Information letter

Once we have received this we will either:

- Request that the Cardmember pay the Charge, or
- Debit your account because the Cardmember's claim hasn't been handled adequately.

You may not re-submit a Charge after a dispute related to it has been resolved in favour of the Cardmember. Charges that are re-submitted will immediately be Charged back.

Where the enquiry results in a Chargeback to your account, you will be notified accordingly.

If you have any questions in relation to disputes and Chargebacks, please call our dedicated **Merchant Disputes Team on 01273 57 66 43.**

In addition, please see hints and tips for specific industries below.

## How to avoid disputes and Chargebacks, whatever your business

Most Cardmember disputes can be avoided. See below for some helpful hints.

- Ensure your trading name appears correctly on Cardmember statements. To check your trading name, call our **Merchant Customer Services** on **01273 67 55 33**.
- To help the Cardmember recognise the transaction, provide as much data as possible, e.g. itemise the bill by room, restaurant or mini-bar.
- Advise Cardmembers of your returns policy for damaged and unwanted goods or cancellations of any kind.
- Ensure you always obtain an Authorisation Code for the full value of the transaction.
- Never split a charge to avoid your floor limit threshold or to skip authorisation.
- For signature Cards, please ensure that your staff verify the signature against the one on the Card.
- Check the Card to see that it is not altered, damaged, or expired.
- Ensure you keep all records of sales and charges so any disputes can be more easily resolved.

### If you're a Hotel Merchant

Disputes commonly arise from 'No Show' reservation charges i.e. where reservations are made using the American Express Card and Cardmembers fail to show up. We recommend the following.

- Always record full details of the Card and reservation.
- Always give the Cardmember a cancellation number.
- Keep a record of the booking, a copy of your cancellation policy for the specific case and the cancellation number.
- Indicate a 'No Show' Charge on your submission so that it shows on the Cardmember's statement.
- In addition, if a Cardmember is paying for someone else's stay, you must obtain authorisation from the Cardmember in writing, to confirm the person he/she is authorising.
- Ensure Cardmembers have consented to the full amount specified in the Charges you submit.

### If you're a Restaurant Merchant

- To avoid disputes over 'No Show' reservation charges, always record full details of the Card and reservation.
- Ensure Cardmembers have consented to the full amount specified in the Charges you submit.

### If you're a mail order or internet Merchant

- Make sure the Cardmember knows how long it takes for delivery.
- Where possible, collect signed proof of delivery.
- Address Verification System (AVS) is a service that compares your customer's address with the Cardmember's billing address. AVS is strongly recommended to reduce fraud although usage of AVS is not a guarantee against Chargebacks.
- To get access to AVS, please call our **Merchant Customer Services** on **01273 67 55 33**.

### If you're a Car Rental Merchant

- Explain to the Cardmember the policy for extra costs at the time of rental, e.g. late return fees, valet fees, petrol charges, damage charges.
- Where applicable, please ask the Cardmember to sign your documents which acknowledge they are responsible for the vehicle as this will be required to support any charges to the Cardmember account in the event of a dispute.
- Where possible, agree the final amount when the Cardmember returns the vehicle.
- Ensure Cardmembers have consented to the full amount specified in the Charges you submit.



## How to avoid fraud



### Protecting your business against fraud

Lost and stolen Cards, counterfeit Cards, identity theft etc, are all forms of fraud. Unfortunately, most companies will be confronted with fraud at some time. To avoid loss of goods and business as well as Chargebacks, it's important you are vigilant of fraudulent activity.

### How to avoid fraudulent transactions

The following are some helpful tips on how to protect your business against fraud.

#### **When processing face to face transactions:**

- Only proceed if the Cardmember is in possession of the actual Card during checkout.
- Check the Card to see that it is not altered, damaged or expired.
- For signature Cards, compare the Cardmember's signature on the receipt with the signature on the Card.

#### **When processing mail, telephone or internet transactions:**

- Only ship merchandise to the billing address on the Card using shippers that do not allow shipment re-routes, and obtain signed proof of delivery.
- Make sure your internet site is secure and supports industry-standard encryption protocols.
- Follow standard acceptance procedures for face to face purchases if the Cardmember picks up the merchandise from you.
- Use the Address Verification System (see page 4) to reduce the potential of fraud.

If you have any questions in relation to fraud, please call our dedicated **Merchant Disputes Team on 01273 67 55 33.**

## Chip & PIN

### Ensuring the highest security with Chip & PIN?

If we have certified all of your terminals for Chip & PIN, and you adhere to our standard Card acceptance procedures as outlined in the Card Acceptance Agreement, you will not be liable for fraudulent Card transactions made with lost, stolen, or counterfeit Cards that could otherwise be charged back to you. Please contact your terminal provider directly if you need any information regarding the status of your terminal equipment.

#### Always be suspicious of the following:

- Different delivery and billing address.
- Orders for a large number of identical high value items.
- Requests for immediate or overnight delivery of expensive items.

If you are suspicious of the Card or the person presenting it, call **American Express Authorisations on 020 8551 1111**. Enter option 1 and then option 4 for the code 10 option where you will be connected to an Authoriser.



Remember, if you need any further advice or information on disputes, Chargebacks or fraud, we're happy to help. Call us on **01273 57 66 43**.

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