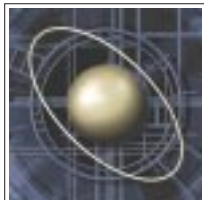


Chargeback Guide

Issue 2.0



WorldPay plc
the quick and easy way to sell online

Copyright

©1999, 2000 WorldPay Ltd. All rights reserved.

WorldPay plc and WorldPay Inc. are wholly owned subsidiaries of WorldPay Ltd, a company registered in Jersey, Registered Number 69490.

The information contained herein is supplied without representation or warranty of any kind, is subject to change without notice and does not represent a commitment on the part of WorldPay Ltd.

WorldPay Ltd, therefore, assumes no responsibility and shall have no liability, consequential or otherwise, of any kind arising from this material or any part thereof, or any supplementary materials subsequently issued by WorldPay Ltd.

WorldPay Ltd has made every effort to ensure the accuracy of this material. If you have any questions or comments, contact:

Quality Department
Supernet House
12-14 David Place
St Helier
Jersey
JE2 4TD
UK

Facsimile:+44 (0) 1534 509555

Email: quality@uk.worldpay.com

Contents

About this document	4
What this document is for	4
Who should use this document	4
What this document covers	4
What this document does not cover	4
Changes in this issue	4
Conventions	5
Notes	5
Hypertext links	5
Chargebacks	6
Summary of the chargeback process	6
The Request for Information process	8
Timescales	8
Process	8
The Chargeback Process	10
Timescales	10
Process	10
The Good Faith/Collection Assistance process	10
Chargeback Reasons	11
Card Validity Reasons	11
Cardholder Dispute Reasons	11
Authorisation Issues	12
Processing Issues	12
Request for Information Issues	12
Preventing Chargebacks	13
General	13
Web site	13
Delivery of your product/service	13
Suspicious Circumstances	14
Refunding a suspected fraudulent transaction	14
Code 10 calls	15
Glossary	16
Index	18

About this document

What this document is for

Welcome to the WorldPay Chargeback Guide. This guide describes what happens when a chargeback is raised on a WorldPay Direct customer.

Who should use this document

You should use this document if you are a WorldPay Direct customer.

What this document covers

This document explains the procedures involved before, during and after a chargeback is raised in the case of a WorldPay Direct customer. It also explains who is involved in the process.

For further information about WorldPay procedures for customers, refer to the Customer Procedures Guide.

What this document does not cover

This document does not explain the chargeback procedure for non-WorldPay Direct customers: These customers must approach their Acquiring Bank in the case of a chargeback.

Changes in this issue

Issue	Change
1.0	First issue
2.0	Changes in terminology.

Conventions

Notes

Information that is being emphasised is shown in large, bold type and is enclosed by a box. It is preceded by a picture of an exclamation mark at the side of the paragraph. An example is shown below:



This information is important.

Hypertext links

When using this document as an on-screen PDF file, hypertext links are shown in blue type (see below):

For further details about RFIs, see page [8](#).

Chargebacks

This chapter outlines the procedures followed in the event of a chargeback for a WorldPay Direct customer. It explains your and WorldPay's role in the process.

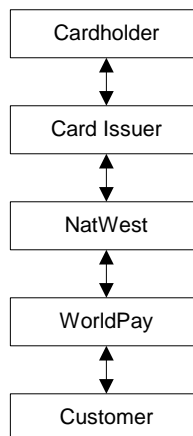


If you are not a WorldPay Direct customer, you must liaise with your Acquiring Bank in the event of a Chargeback.

A chargeback is a transaction dispute procedure, initiated by a card holder, which may result in a debit being applied to your account.

Summary of the chargeback process

Throughout the process, relationships are clearly defined. The cardholder liaises with the card issuer. The card issuer liaises with NatWest. NatWest liaises with WorldPay and WorldPay liaises with the customer.



The process starts when a card issuer identifies a disputed transaction (refer to page 11 for a list of chargeback reasons) and makes a *Request for Information* (RFI). The cardholder's issuer contacts NatWest who in turn contacts WorldPay. WorldPay contacts you.

Should the RFI prove the issuer's claim, then the issuer raises a *chargeback*.

Once a chargeback has been raised, it cannot be reversed. However, in certain circumstances, WorldPay can proceed with a *Good Faith*

Collection Assistance on your behalf, which may (rarely) result in the issuer reconsidering the chargeback decision.

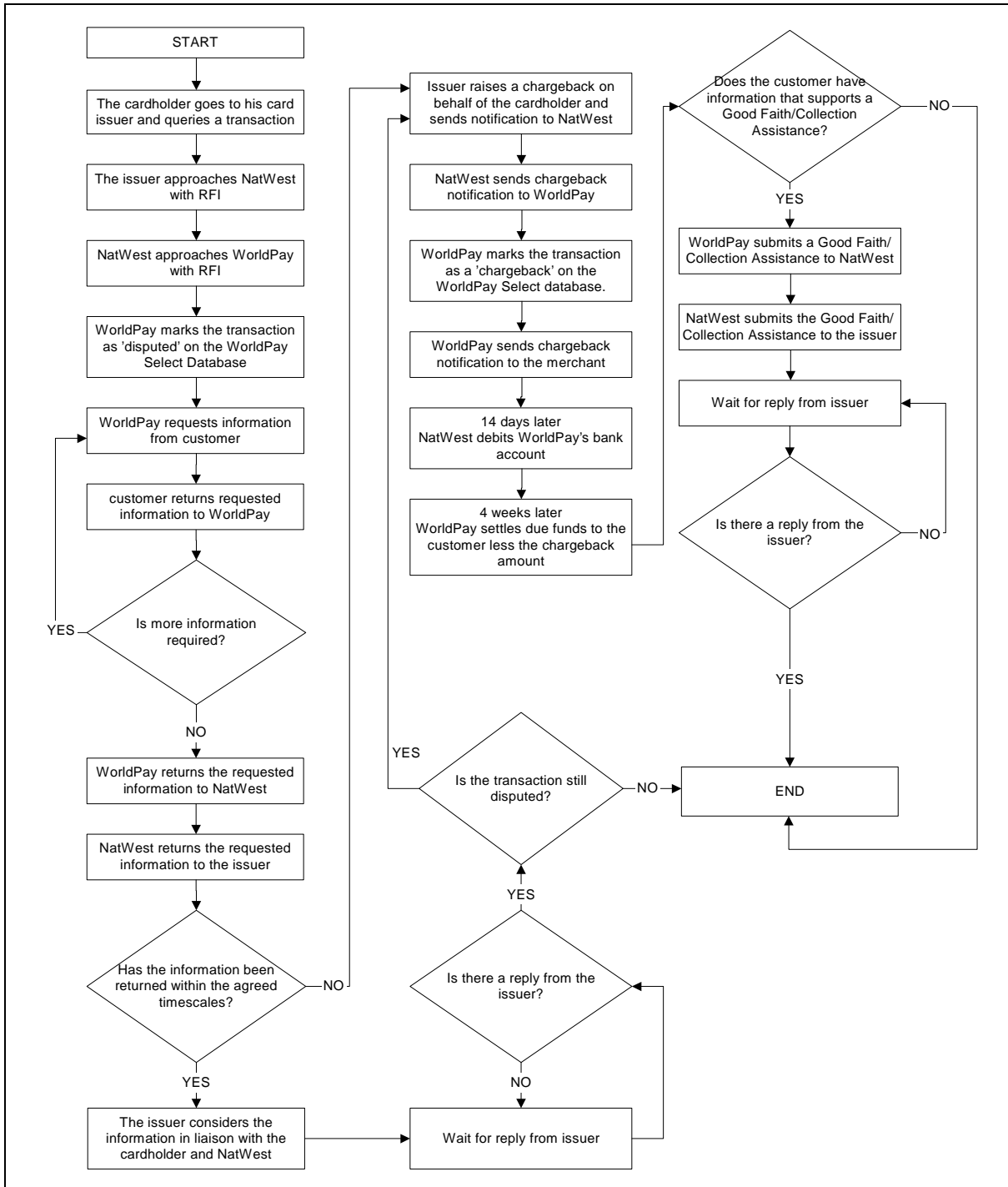


Figure 1: Flowchart of the Chargeback Process

The Request for Information process

A *Request for Information* or *Documentation Request* is a request from the cardholder's issuing bank (issuer) for copies of a signed sales receipt or other suitable documentation to prove the validity of a transaction.

Timescales

NatWest and WorldPay must respond to RFIs from card issuers within strict timescales set by the card schemes.



If the issuer does not receive a copy of the transaction receipt within this time, it has the right to chargeback the transaction for 'non-receipt' of documentation.

Process

The process is as follows:

- 1 The cardholder goes to his card issuer and queries a transaction.**
Refer to page [11](#) for a list of chargeback reasons.
- 2 The issuer approaches NatWest.**
When raising a request, issuers do not state the reason for the request and they are not required to confirm whether the information provided is sufficient for the cardholder. A chargeback may or may not subsequently be raised.
- 3 NatWest approaches WorldPay for a copy of the transaction receipt.**
The issuer provides NatWest with limited information relating to the transaction. The cardholder's name is not quoted. WorldPay, therefore, receives only the dates, card number and amount.
NatWest's role is to forward the RFIs to WorldPay and to act upon WorldPay's responses in a timely manner. Both WorldPay and NatWest will represent your interests in trying to avoid subsequent chargebacks, but need your support (as detailed below) to undertake the role.
- 4 WorldPay marks the transaction as 'disputed' on the WorldPay [Select Database](#).**
Once a transaction is marked as 'disputed', you cannot refund it.

5 WorldPay forwards the transaction information to you for your reply.

WorldPay supplies you with the card number less the last four digits for security.

6 You provide WorldPay with the following information:

- ◆ mail order schedule (incorporating a description of the goods supplied) with proof of delivery signed by the cardholder.
- ◆ copy of the sale (incorporating a description of the goods supplied) for a transaction, which clearly shows that the transaction was Internet-based, with proof of delivery signed by the cardholder.

The more information you are able to supply at this stage, the more likely you are to reduce the instance of further RFIs and, potentially, chargebacks to your account.

If you do not respond to WorldPay's request within the time stated, this will almost certainly result in the issuer raising a chargeback for 'non-receipt' of documentation.



WorldPay despatches correspondence to the most recent e-mail address/fax number held on our computer records. It is important that you advise WorldPay immediately of any change of address.

7 WorldPay passes the information to NatWest.

8 NatWest passes the information to the issuer.

9 The issuer reviews the information in liaison with its cardholder and NatWest.

NatWest can only dispute the RFI, if the reason under which it has been raised is invalid or a refund had been processed to the cardholder's account before the RFI was raised.

10 If the transaction remains disputed at this stage, the issuer raises a chargeback on behalf of the cardholder (refer to page 10).

If the transaction is no longer disputed, the process stops here.

The Chargeback Process

Timescales

The timescales vary for each chargeback reason and card scheme. A chargeback may be raised several months after the transaction. The first chargeback time limit is generally calculated from either:

- ◆ the date the transaction is processed by the card scheme or
- ◆ the date of expected receipt of services (for travel services expected date of travel).

The first chargeback time limit begins on the calendar day following these dates, and the issuer has typically up to 180 days from this day to raise the chargeback.

Process

The process is as follows:

- 1 The issuer sends a chargeback notification to NatWest.
- 2 NatWest forwards the chargeback notification to WorldPay.
- 3 WorldPay marks the transaction as a 'chargeback' on the WorldPay [Select Database](#).
- 4 14 days later, NatWest debits the chargeback amount from WorldPay's bank account.
- 5 4 weeks later, WorldPay remits due funds to you less the chargeback amount.

The Good Faith/Collection Assistance process

Once the chargeback process has been completed, or the card scheme timescales have expired, there is no further recourse to the card issuer.

However, there may be reasons, outside the card scheme rules and regulations, where we would wish the issuer to reconsider the circumstances surrounding a chargeback.

This can be achieved by a Good Faith/Collection Assistance attempt; a letter to the card issuer, with supporting documentation, requesting that it reconsider the chargeback decision.

The card issuer is not obliged to view the case, make payment or even reply to a Good Faith/Collection Assistance. This option is considered a 'last resort' and can only be considered if you can provide evidence that the chargeback is invalid or that you have corrected the original defect.

Chargeback Reasons

Below are the most common reasons for which a transaction may be disputed.

Card Validity Reasons

- ◆ The card had expired at the time of the transaction.
- ◆ The card was accepted before it was valid.
- ◆ The card number is incorrect and cannot be applied to an existing account.

Cardholder Dispute Reasons

- ◆ The cardholder did not receive goods or services ordered.
- ◆ The cardholder returned goods to you.
- ◆ You agreed to process a refund, but the cardholder has not received a credit on their account.
- ◆ The cardholder cancelled his authority for you to debit his account (for Continuous Authority Transactions only).
Note: Continuous Authority Transactions on a SWITCH card are invalid.
- ◆ The cardholder states that he did not authorise or participate in the transaction.
- ◆ The cardholder states that he paid for the goods or services by other means.
- ◆ The cardholder has received goods that are not the same as described when ordered.
- ◆ The cardholder received defective merchandise.

These chargebacks can only be avoided if you have provided proof that the genuine cardholder received all the goods or services you agreed to, in perfect condition. This will include proof of delivery signed by the cardholder.

Authorisation Issues

- ◆ A transaction was processed after authorisation was declined.
- ◆ Where you have processed two or more consecutive transactions for a single purchase, which in total exceed your floor limit and have not obtained a single authorisation for the combined total. This is called a split sale.

These chargebacks can only be avoided if you can provide documentation to show that the transaction was authorised correctly.

Processing Issues

The following may apply if there has been an error when you processed or entered the details of the transaction.

- ◆ The transaction was processed more than once in error.
- ◆ A refund transaction was processed as a sale.
- ◆ An incorrect amount has been processed or key entered.
- ◆ A card number (PAN) has been key entered incorrectly.

These chargebacks can be prevented, if you can provide documentation to show that the transaction was processed correctly.

Request for Information Issues

The following may apply if a Request for Information has not been fulfilled correctly and within time.

- ◆ You have not replied to a Request for Information within time.
- ◆ The documentation you have supplied is illegible. The onus is on you to provide legible copies of the required documentation, within the timescales stipulated.
- ◆ You have not supplied proof that the goods were despatched.

It is important that you provide as much information as possible when you receive a letter and that all documentation is legible.

Preventing Chargebacks

It is not possible for you to avoid chargebacks completely, however, the following could help you reduce the number of RFIs and chargebacks you may receive.

Note that this is not an exhaustive list.

To help in the prevention of chargebacks, we recommend that you follow the guidelines below.

If you fail to follow these recommendations your transactions are more likely to be rejected or in due course charged back to you.

General

- ◆ Ensure that you have read and understood your Customer Agreement.
- ◆ Ensure that you indicate “Internet transaction” on each sale.
- ◆ Double check all details for transactions.
- ◆ Supply as much information as possible when you receive a Request for Information.

Web site

Your web site should display the following information:

- ◆ A complete description of the goods and services offered
- ◆ Details of your returns/refund policy
- ◆ Shopper service contact, including email address, phone number and address
- ◆ Transaction currencies in which you can deal
- ◆ Export restrictions (if known)
- ◆ Delivery policy
- ◆ Country of domicile

Delivery of your product/service

You should retain documentary evidence of the delivery, together with a description of the goods/services supplied, for a minimum of 12 months.

Do not despatch goods by whatever means (including online delivery) to a third party address (that is, an address other than the cardholder’s address); this is considered **very** high risk.

When delivering the goods, obtain the cardholder’s signature to show proof of delivery. If possible take an imprint of the card at this point.

Suspicious Circumstances

You should look out for the following suspicious circumstances:

- ◆ A shopper placing a very large order without any preference for the size, colour, make or model of the goods
- ◆ An existing shopper who suddenly orders a substantial volume of goods
- ◆ A shopper who provides you with more than one card to cover one order or a set of orders
- ◆ A shopper who orders more than once in a given day
- ◆ A shopper who has attempted the same transaction more than once, with the card failing at the first attempt
- ◆ A shopper whose card issue country does not match his delivery address (this information is shown on the Full Transaction Detail under AVS Response on the Customer Management System. See the CMS User Guide for details of how to display the Full Transaction Details).



Authorisation of a transaction does not guarantee payment; it will only check the availability of funds at the time of the transaction and that the card has not been reported lost or stolen. Authorisation cannot validate the address given by the shopper. We recommend, therefore, that you should undertake additional enquiries.

Refunding a suspected fraudulent transaction

You can refund a transaction you suspect to be fraudulent, however, once you receive a RFI or a chargeback, it is too late to refund the transaction. If you do so you risk losing the money twice.

Code 10 calls Where you are suspicious of a transaction, try contacting the cardholder by telephone to clarify the order. Should you remain suspicious undertake a “code 10” authorisation call.



Codes 10s are designed for use in exceptional circumstances not for authorising every transaction.

To carry out a code 10 call:

- 1 Telephone NatWest on 0345 600510
- 2 Advise NatWest:
 - ◆ of your “Outlet ID” (this is available from WorldPay on request)
 - ◆ that the transaction has been processed already through WorldPay
 - ◆ that you are suspicious about the transaction
- 3 NatWest asks you for the card number.
In these circumstances WorldPay’s Support Team (support@uk.worldpay.com) will usually give the card number less the last four digits for security, as this is enough for NatWest to trace the transaction.

Code 10 capability is usually available within seven days of your web site going live.

Glossary

A

Authorisation

A process where the transaction is approved.

C

Card Scheme

Mastercard, Visa or Switch.

Card Scheme Rules and Regulations

Operating rules set by the card schemes to which all member banks must comply.

Chargeback

A chargeback is a transaction dispute procedure, initiated by a card holder, which may result in a debit being applied to the customer's account.

Collection Assistance

A 'Please can you help' type of letter sent by one card scheme member to another.

Continuous Authority Transaction (Mastercard and Visa only)

A transaction for which a cardholder grants written permission to a customer to periodically charge their account number for recurring goods or services (for example, club membership or magazine subscription).

Customer Management System (CMS)

A tool for WorldPay customers to manage their WorldPay accounts.

E

Expired Card

A card on which the embossed, encoded, or printed expiry date has passed.

F

Fulfilment

A document image that NatWest supplies in response to a Request for Information.

G**Good Faith**

A 'Please can you help' type of letter sent by one card scheme member to another.

I**Issuer**

Also *Issuing Bank, Card Issuer*. A member bank that issues cards and whose name appears on the card.

M**Member**

An organisation (usually a bank) which is signed up to operate within the terms of the card scheme.

R**Request for Information (RFI)**

A request from the cardholder's issuing bank for copies of a signed sales receipt or other suitable documentation to prove the validity of a transaction.

S**Select Database**

The main transaction and reporting database underlying the Select Gateway.

Select Gateway

The web-facing service for capturing payment information.

Split Sale

Where a customer has processed two or more transactions that in total exceed his floor limit, to avoid having to obtain a single authorisation for the combined total.

W**WorldPay Customer Agreement**

The agreement that you signed when accepted as a WorldPay customer. Both the customer and WorldPay hold a copy of this agreement.

Index

C

- chargeback** [6](#)
 - process [10](#)
 - reasons
 - authorisation issues* [12](#)
 - card validity* [11](#)
 - cardholder dispute* [11](#)
 - processing issues* [12](#)
 - RFI issues* [12](#)
 - summary of process [6, 7](#)
 - timescales [10](#)
- chargebacks**
 - delivery [13](#)
 - preventing
 - Code 10 calls* [15](#)
 - general* [13](#)
 - suspicious circumstances* [14](#)
 - web site [13](#)
- code 10 call**
 - availability [15](#)
 - how to carry out [15](#)
 - when to use [15](#)
- Code 10 calls** [15](#)
- Collection Assistance** [7](#)
 - process [10](#)

D

- document**
 - audience [4](#)
 - changes [4](#)
 - conventions [5](#)
 - hypertext links [5](#)
 - purpose [4](#)
 - scope [4](#)

F

- fraudulent transaction** [14](#)

G

- Good Faith** [6](#)
 - process [10](#)

R

- refund** [8, 9](#)
- refunding**
 - fraudulent transactions [14](#)
- Request for Information** [6](#)
 - process [8](#)
 - timescales [8](#)
- RFI. See Request for Information** [8](#)

S

- Select Database** [8, 10](#)