



MERCHANT CHARGEBACK GUIDE

How to manage Inquiries and Upfront Chargebacks



UNDERSTANDING MERCHANT CHARGEBACKS

This guide is intended to provide you with general guidance on how to manage Inquiries and Chargebacks. It explains policies that will take effect on October 18, 2013, which are designed to be straightforward and simple to help minimize back-office work. This guide also provides information about your role in the process and provides recommendations to help you avoid Chargebacks.

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The information included in this document is intended as a general guide. It is not intended to, and does not replace, modify, supersede or amend the specific terms and conditions set forth in your Agreement for American Express Card Acceptance which incorporates the American Express Merchant Regulations-US and describes the Inquiries and Chargeback policy.



10 COMMON CAUSES FOR UPFRONT CHARGEBACKS/INQUIRIES

and How You Can Avoid Them

CAUSE	HOW TO AVOID
1. No Knowledge of the Charge <i>Inquiry Code 127</i> Cardmember claims to not recognize or remember the Charge.	<ul style="list-style-type: none">• Maintain consistent information on your billing descriptor and include your “doing business as” name and location, so Cardmembers recognize your business Charges on their statement.• Provide your phone number in the billing descriptor so Cardmembers can call directly.
2. Unauthorized Charge <i>Inquiry Code 177</i> Cardmember claims Charge was not made or was unauthorized.	<ul style="list-style-type: none">• Ensure the Card is present for all Card Present transactions and when required obtain the Cardmember’s signature on the Charge record (except when the Charge qualifies for the No Signature Program). Training your staff to do this can also be useful.• For transactions where the Card is “Not Present,” ensure you have express consent from the Cardmember to bill for specific goods/services. You should keep documentation that ties the Cardmember’s billing consent to the specific goods/services and terms of billing.• For tools and tips to prevent fraud, visit americanexpress.com/fraudinfo.
3. Cancelled Products/Services <i>Chargeback Code C05</i> Cardmember claims that the goods or services ordered were cancelled.	<ul style="list-style-type: none">• If you’ve already submitted the Charge, submit the credit on the same day cancellation is received.• Always post your return and cancellation policies where they can be seen prior to the transaction, e.g., near the register or on online checkout pages.
4. Cancelled Recurring Billing <i>Chargeback Code C28</i> Cardmember continues to be billed after he/she claims to have cancelled goods or services.	<ul style="list-style-type: none">• Process cancellations immediately and always provide the Cardmember with a cancellation number or confirmation.• Always post your return and cancellation policies where they can be seen prior to the transaction, e.g., near the register or on online checkout pages.

Some of the Disputes causes listed above with corresponding Chargeback Codes may begin as an Inquiry to the Merchant if additional support is required to reach a decision.

10 COMMON CAUSES FOR UPFRONT CHARGEBACKS/INQUIRIES

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CAUSE	HOW TO AVOID
<p>5. No-Show Lodging</p> <p>Chargeback Code C18</p> <p>Cardmember was billed for lodging services he/she claims to have cancelled.</p>	<ul style="list-style-type: none"> • Always advise the Cardmember of the cancellation policy at the time of the reservation. • Log all confirmation and cancellation numbers as required by the Assured Reservation and CARDeposit programs.
<p>6. Goods/Services Not Received</p> <p>Chargeback Code C08</p> <p>Cardmember was billed for goods or services he/she claims have not been provided.</p>	<ul style="list-style-type: none"> • Submit Charges only after goods and services have been shipped or provided. • When shipping goods, always confirm and ship to the Cardmember's full billing address and request Proof of Delivery on all items. • Do not submit Charges for back-ordered items.
<p>7. Returned Merchandise</p> <p>Chargeback Code C04</p> <p>Cardmember claims the goods or services were returned, but did not receive a Credit.</p>	<ul style="list-style-type: none"> • Always post your return and cancellation policies where they can be seen prior to the transaction, e.g., near the register or on online checkout pages. • Process and submit return credit immediately after receiving goods.
<p>8. Goods/Services Not as Described</p> <p>Chargeback Code C31</p> <p>Cardmember claims to have received goods and/or services that are different than the written description provided at the time of the Charge.</p>	<ul style="list-style-type: none"> • Provide detailed item descriptions on invoices and in online order confirmations and contracts. • Clearly and prominently display contact information and instructions in the event goods/services are not provided as stated.
<p>9. Duplicate Charge</p> <p>Chargeback Code P08</p> <p>Cardmember billing statement reflects an individual Charge submitted more than once.</p>	<ul style="list-style-type: none"> • Check to see if a failed Charge has been processed before charging again. • Review all receipts to check if the Cardmember has been billed twice.
<p>10. Incorrect Transaction Amount</p> <p>Chargeback Code P05</p> <p>Cardmember claims the Charge amount submitted differs from what he/she agreed to pay.</p>	<ul style="list-style-type: none"> • Make sure that the Charge record and receipt clearly state your sales and refund policies, including any applicable fees. • Check that the amount charged is the same as the amount agreed upon with the Cardmember.

Some of the Disputes causes listed above with corresponding Chargeback Codes may begin as an Inquiry to the Merchant if additional support is required to reach a decision.

CHARGEBACK REASONS AND CODES

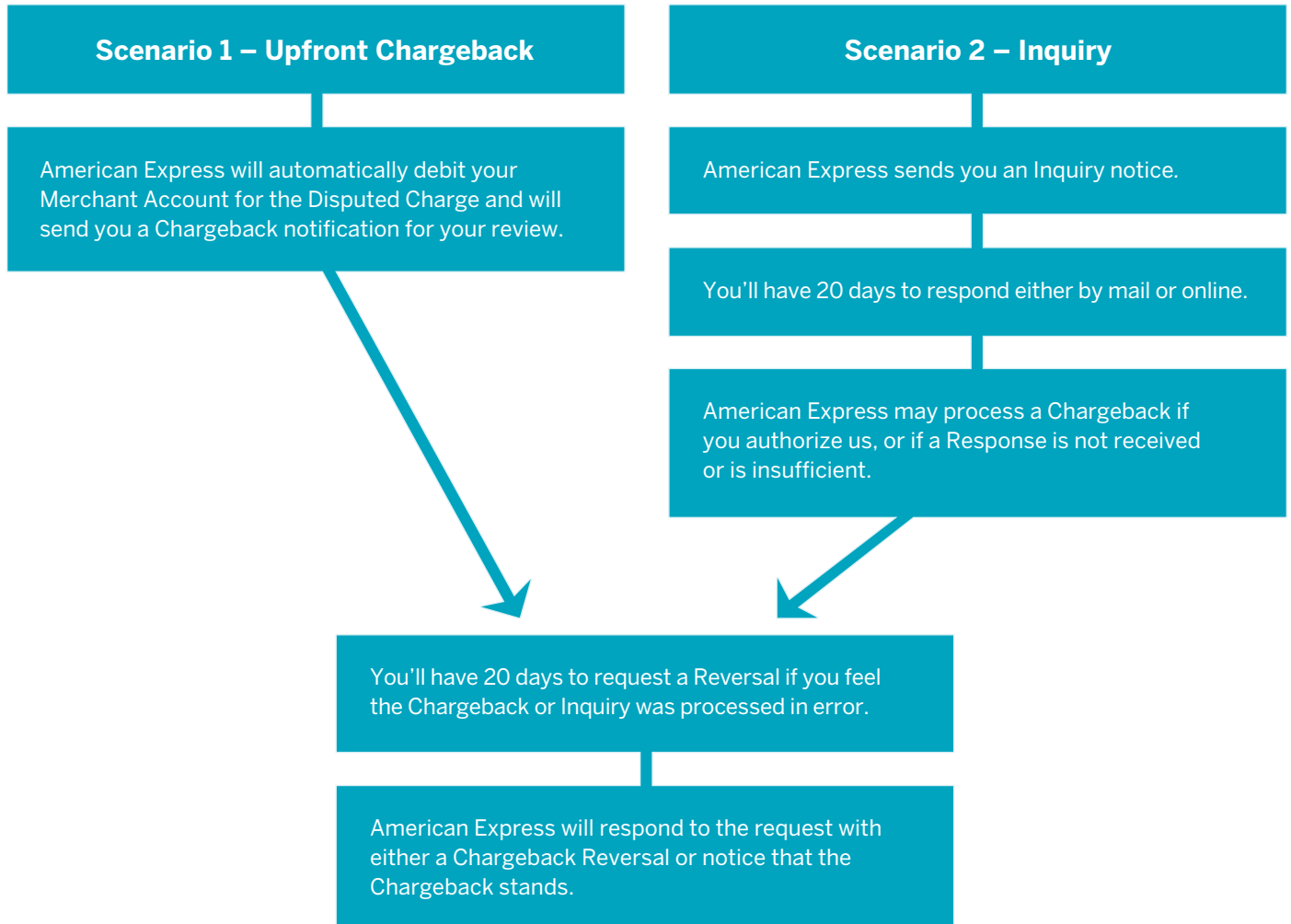
Below you'll find an easy reference guide of Chargeback codes. If you receive a Chargeback notification, the appropriate code and description will be provided. By reviewing this list, you can be better prepared for potential Chargeback situations.

AUTHORIZATIONS			
A01	Charge Amount Exceeds Authorization Amount	A08	Authorization Approval Expired
A02	No Valid Authorization		
FRAUD			
F10*	Missing Imprint	F24*	No Cardmember Authorization
F14*	Missing Signature	F29	Card Not Present
F22	Expired or Not Yet Valid Card		
CARDMEMBER DISPUTE			
C02	Credit (or partial credit) Not Processed	C28	Cancelled Recurring Billing
C04	Goods/Services Returned or Refused	C31	Goods/Services Not as Described
C05	Goods/Services Cancelled	C32	Goods/Services Damaged or Defective
C08	Goods/Services Not Received	M10	Vehicle Rental – Capital Damages
C14	Paid by Other Means	M49	Vehicle Rental – Theft or Loss of Use
C18	“No Show” or CARDeposit Cancelled		
PROCESSING ERROR			
P01	Unassigned Card Number	P07	Late Submission
P03	Credit Processed as Charge	P08	Duplicate Charge
P04	Charge Processed as Credit	P22	Nonmatching Card Number
P05	Incorrect Charge Amount	P23	Currency Discrepancy
INQUIRY-RELATED CHARGEBACK			
R03*	Insufficient Reply	M01*	Chargeback Authorization
R13*	No Reply		
CHARGEBACK PROGRAMS			
FR2	Fraud Full Recourse Program	FR6	Partial Immediate Chargeback Program
FR4	Immediate Chargeback Program		

*These Chargeback codes require an Inquiry first.

UNDERSTANDING YOUR ROLE IN THE DISPUTE PROCESS

Disputes result in either an Upfront Chargeback or Inquiry. When a Chargeback is issued, we'll send you a notification for your review. If the Chargeback is correct, there's nothing for you to do. If you disagree, you'll have 20 days from the date of the Chargeback to request a Chargeback Reversal. This will help you save time, so you can focus on your business.



Note: If your business falls within the existing Immediate Chargeback Program, Partial Immediate Chargeback Program, and/or Fraud Full Recourse Program, the policies will not change. Please refer to the American Express Merchant Regulations-US for more information.

Want the advantage of learning about Chargebacks the moment they're issued? Enroll your Merchant Account online to access Disputes and view updated Inquiry and Chargeback details. Start now at: americanexpress.com/mymerchantaccount.

We appreciate your business and look forward to continuing our relationship. As always, American Express remains committed to resolving every Chargeback fairly and quickly. Welcome InSM.