

How to Reduce Chargebacks[†]



Staff Reference Guide

This document is a guide only, designed to assist you when accepting cards.



It is recommended that you read and understand the Terms and Conditions listed in your “Moneris VISA® Merchant Agreement/Moneris MasterCard® Merchant Agreement /Moneris Debit Card and Terminal Agreement”. This document is a guide only, designed to assist you when accepting cards.



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By providing your staff with the necessary training on card acceptance policies and procedures, you can:

- Give them the skills and knowledge to assist them in doing their jobs accurately and confidently.
- Enhance customer service.
- Help to reduce related losses (i.e. fewer fraudulent transactions).
- Help to reduce related expenses (i.e. fewer transaction receipt copy requests).

Chargebacks are debits to your merchant bank account that may result from:

- A cardholder dispute
- Improper acceptance or authorization procedures according to the Card Associations
- Violation of your Merchant Agreement
- Fraud
- Nonfulfillment of copy requests
- Processing errors

Chargebacks may result from avoidable mistakes, therefore, the more informed your staff is about proper transaction-processing procedures, the less likely they will process transactions that might result in a chargeback.

Chargebacks can be costly, in that, you can lose the dollar amount of the transaction, the related merchandise and any costs associated with processing the chargeback.

Chargebacks can result from improper transaction processing and may be avoided with proper training and attention.



At the Point of Sale:

- **Card Validity.** Ensure that the card being presented is valid and that the standard identification and security features of the card have been verified.
- **Card Imprint.** If you are using a manual imprinter, confirm that the customer's card number, expiration date and signature is visible on all copies of the manual sales slip. In addition, record the authorization number on the sales slip.
- **Cardholder Signature.** The cardholder's signature is required for all card-present transactions, with the exception of unattended terminals and merchants participating/registered in MasterCard's QPS (Quick Payment Service) or Visa's NSR (No Signature Required) program. For more information on these programs and qualifying merchant categories, please contact Moneris Solutions. Not obtaining a signature could result in a chargeback if the cardholder later denies authorizing the transaction. Verify the customer's signature to that on the card. If the signature varies greatly, ask for additional identification or make a Code 10 call (refer to page 19 for Code 10 procedures).
- **Declined Authorization.** If the authorization request returns a declined response, do not complete the transaction and do not repeat the authorization request, ask for another form of payment.
- **Referrals.** If your authorization request results in a "Call" message, call your authorization centre prior to finalizing the transaction.
- **Expired Card.** Do not accept a card after its expiry date unless an authorization approval for the transaction has been obtained from the card issuer.
- **Card Not Present.** If the cardholder is present and has the card number but not the card, decline the transaction. Even with an authorization, the transaction may be fraudulent and charged back to you.
- **Legibility.** Before completing a sale, ensure that the transaction information on the sales receipt is complete, precise and legible. Illegible receipts produce illegible copies and as a result, cannot be processed accurately

Transaction Settlement:

- **Duplicating Transactions.** There should be one entry for each transaction. Ensure that each transaction has been entered and deposited only once.
 - **Incorrect/Duplicate Sales Receipt.** Void incorrect or duplicate sales receipts immediately.
 - **Billing Cardholders.** Attempt to settle transactions as soon as possible; do not hold on to or delay them, as per the terms and conditions of your merchant agreement.
 - **Recurring Transactions.** Maintain a record of recurring payment transactions. If a cardholder cancels/changes a recurring payment arrangement, ensure that your records are updated to reflect this. If a transaction is submitted after a customer cancels/changes a recurring payment arrangement, a chargeback may result.
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Service Issues:

- **Stock & Delivery.** Advise the customer if the merchandise purchased is out of stock or will be delayed in delivery. This will help to avoid unnecessary cancellations and chargebacks.
 - **Refund/Exchange Policies.** The terms and conditions of your merchant agreement(s) require that you disclose to the customer the refund, exchange, or service cancellation policies your business has, especially on the sales receipt signed by the customer. This will help to avoid any cardholder disputes and/or misunderstandings.
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Retrieval Requests:

- **Retrieval Timeframes.** Provide prompt responses to retrieval requests within the required timeframes in an attempt to avoid documentation related chargebacks.
 - **Duplicate Requests.** Respond to all retrieval requests, even if they appear to be duplicates.
-



Occasionally you may be requested to provide legible copies of sales drafts or transaction records for issuing financial institutions that need clarification on charges made to cardholder accounts or for possible fraud and/or other disputes.

You are required to retain sales/transaction receipts for a minimum of 18 months from the transaction date.

The following is a list of possible documents used to bill transactions to cardholder accounts:

- Manual sales slips
- POS terminal transaction receipts
- Invoices
- Hotel guest folios
- Purchase order forms
- Car rental contracts
- Airline tickets



Responses to retrieval requests must be faxed/sent according to the instructions and timeframe indicated in the retrieval request letter.

Your response to requests must be legible and include the following elements:

- Card number
- Cardholder name
- Cardholder signature (if applicable)
- Merchant name
- Merchant location
- Transaction date
- Transaction amount
- Expiry date
- Or any other document as requested

Respond to all retrieval requests, even if they appear to be duplicates.

Ensure customers are able to recognize your name on their receipts.

- Cardholders must be able to look at their statements and recognize transactions that occurred at your establishment.

Train sales staff to:

- Follow proper card acceptance procedures
- Review transaction receipts for accuracy and clarity
- Retain the original signed copy of the sales receipt

Avoid illegible transaction receipts by:

- Routine point-of-sale (POS) printer cartridge maintenance
- Changing POS printer paper when the coloured streak first appears
- Retaining the original signed copy of the transaction receipt for better photocopying quality
- Handle carbon-backed, silver-backed and carbonless paper carefully.

Retrieval Fax Numbers

MasterCard ■ (416) 232-8474 ■ 1-888-224-3919

Visa ■ (416) 231-9329 ■ 1-866-596-1116

Retain the fax confirmation as proof of retrieval request fulfillment.

Return original/copy of documentation received.

Retrieval and Chargeback Mailing Addresses

MasterCard ■ Moneris Solutions

P.O. Box 1400 – Station D, Toronto, Ontario, M9A 5B6

Visa ■ Moneris Solutions

P.O. Box 410 – Station A, Toronto, Ontario, M5W 1C2

Chargeback Fax Numbers

MasterCard ■ (416) 232-8571 ■ 1-888-224-3919

Visa ■ (416) 734-1560 ■ 1-866-354-3797

Retain the fax confirmation as proof of fulfillment.

Return original/copy of documentation received.



Authorizing Transactions:

- When authorizing a transaction, ensure that the card is swiped in the direction indicated on the terminal.

- Authorize the amount and verify the authorization response (see Table).

- Verify the signatures. If the signatures do not match, request additional identification. If they still don't match, request a Code 10 authorization.

- If the embossed name and numbers do not match those printed on the receipt, request a Code 10 authorization.

- If the signature panel is blank, review valid identification such as a driver's license. Ensure the customer signs the card promptly and decline the transaction if the cardholder refuses.

If...	Then...
Approved	Customer must sign receipt.
Declined	Request another form of payment.
"Call" message received	Call authorization centre.
Pick-up	Keep card by peaceful means.
No Match	Swipe the card and re-key the last 4 digits. If no match appears again, keep the card and request a Code 10 authorization.

1. Credit cards that do not swipe.
2. POS electronic system is unavailable or not responding.

1. Credit cards that do not swipe

When the magnetic stripe cannot be read, a manual imprint must be taken. Failure to do this may result in financial loss to you.

Manual sales draft must include:

- The date
- An imprint of the credit card
- Details of the transaction
- Dollar amount
- Customer signature
- Authorization Number/Code

Note: Do not write "VOID" or "COPY" on the draft

Manually key in the card number to obtain authorization

On the POS terminal receipt:

- Print "PROOF COPY" on the signature line
- Write the pre-printed reference number as it appears on the manual sales draft
- Retain copies of both the manual sales draft and the POS transaction receipt needed to fulfill any retrieval requests.



2. POS electronic system is unavailable or not responding, revert to manual process by:

- Take a manual imprint of the card.
- Phone for authorization at **1-866-802-2637** and record the authorization number on the manual sales draft.
- Have the customer sign the imprinted copy.
- When the system/service is restored, Force Post the transaction on your POS device using the assigned authorization number

Note: Do not submit copies of manual sales drafts to Moneris Solutions for processing.



Unembossed Cards are similar to the cards you currently accept. They may take the form of a credit, debit, or prepaid/gift card, and will have the same familiar brand mark such as VISA and MasterCard. There is, however, one major difference – the card will look “flat”. All account information – cardholder name, primary account number (PAN), validity date, and security character – is projected onto the front of the card with tamper-evident laser engraving or indent printing rather than embossing.

“Electronic Use Only” must be printed on the front of the card.

Unembossed cards can only be used in electronic terminals that are capable of online authorization. They cannot be keyed in. If a POS terminal is not available, merchants may follow the existing procedure for off-line authorization, however, the merchant is at greater risk of receiving a “Missing Imprint” or “Card Not Present” dispute/chargeback.

Code “10” calls allow merchants to alert card issuers to suspicious cards, cardholders or transactions.

Common characteristics of suspicious activity:

- The card has been altered.
- The card number on the card does not match the card displayed on the receipt.
- The customer’s behaviour leads you to believe that something is “wrong”.
- Signature does not match the signature on the back of the card.

For example:

- The customer makes indiscriminate purchases with regards to size, colour, style or price.
- The customer questions the staff about floor limits or makes several small purchases that reach but do not exceed the floor limit.
- The customer signs the sales draft in a deliberate or unnatural manner

To Make a Code “10” call:

- Keep the card in your possession during the call.
- Call your voice authorization center and request a “Code 10” authorization.
- The operator will ask a series of questions to determine the validity of the card.
- If you are requested to retain the card, attempt to do so by peaceful and reasonable means.

Processing Remote Transactions

If you are able to process remote transactions under your merchant agreement, it is recommended that you refer to and review the terms and conditions related to these types of transactions.



Fraud Prevention & Tools

The following prevention indicators and tools may assist you in reducing the risk of fraud-related chargebacks and losses. In addition, card-not-present merchants should develop fraud control policies and training for employees.

Help reduce the risk by recognizing potential indicators such as:

- First-time shoppers
- Larger-than-normal orders
- Orders that include multiples of the same item
- “Big-ticket” item purchases
- “Rush” or “overnight” shipping
- Shipping to international addresses
- Transactions with similar account numbers
- Shipping to a single address, but transactions placed on multiple cards
- Multiple transactions on one card over a short period of time
- Multiple transactions on one card with a single billing address but multiple shipping addresses
- Online transactions: multiple cards used from a single IP address
- Orders from addresses of free e-mail services

Prevention Tools

AVS – Address Verification Service

- AVS provides merchants with a method to verify the billing address given by the cardholder, to the billing address on file with the credit card issuing bank.
- Participating cards: Visa, MasterCard and Discover®, all with similar features.
- It is important to note that AVS is only a tool and is most effective when used in conjunction with other fraud tools and risk indicators.
- Regardless of the AVS result, if the card Issuer does not approve the authorization request, do not complete the transaction.



CVD – Card Validation Digit (CVV2, CVC2, CID)

- CVD is a 3 digit code printed in the signature panel of Visa, MasterCard and American Express® issued cards and 4 digit code printed on the front of American Express® cards.
- This code helps to ensure that the customer making the Mail Order/Telephone Order or eCommerce transaction is in possession of his or her credit card.
- Be vigilant if the customer cannot provide the CVD code or the code does not match to that on file with the Issuer, it's more than likely that the card is not present and the number given could be stolen. In the case of an unmatched code, ask the customer to confirm it and if it still does not match, further validate or decline the transaction.
- Regardless of the 3 or 4 digit code verification response, if the card Issuer does not approve the authorization request, do not complete the transaction.

VBV – Verified By Visa

- Most effective with online business types as it offers protection against fraud-related chargebacks. It allows customers to verify their identity at the time of purchase through the use of his or her personal password.
- Can help to reduce fraudulent transactions and fraud-related chargebacks.
- Increased cardholder confidence may lead to increased sales.

Tips for Most Common Chargeback Codes (VISA)

Authorization Related

RC44 Transaction exceeds floor limit and not authorized/Declined authorization

How to Help Avoid:

- Authorize all transactions above your established floor limit on the transaction date and record the authorization code on the transaction receipt.
- Do not process a transaction if the authorization request received a decline response. Return the card to the customer and request payment by another means.

Special Remedy Instructions:

- Provide proof of a valid authorization number at the time of the transaction.

Documentation Related

RC45 Copy not received within the required timeframe

How to Help Avoid:

- Retain all sales slips for the time specified as per merchant agreement (18 months).
- Respond to all retrieval requests promptly by supplying copies of requested sales slips and related documentation. Failure to supply a copy of the requested transaction information within the specified timeframe could result in a non-reversible chargeback debit being processed to your account.

- Ensure all sales slips are complete, clear and legible whether manually imprinted or electronically through a terminal printer.
- Ensure that the correct sales receipts are supplied for the reference numbers provided in each retrieval request.
- Ensure that Moneris has your correct and most recent contact information.

Fraud Related

RC35 Missing signature

RC39 Missing imprint

RC41 Non-possession of card

RC49 Other – Cardholder did not authorized/participate

How to Help Avoid:

- For all face-to-face transactions, it is imperative that an Electronic or Manual Imprint and Signature appears on the transaction receipt.
- All retrieval requests must be fulfilled within the required timeframe.
- Do not alter a cardholder's transaction receipt or other documentation after the sale is completed.
- If you choose to accept a mail order/telephone order or non-secure Electronic Commerce, ensure you record the Cardholder's name, address, phone number, and e-mail address. After the order is completed, call the cardholder to confirm the information given or verify with the card Issuer the information the cardholder provided. If approved by either the card holder or card Issuer, retain proof of approval and who you spoke with.

Processing Errors

RC33 Duplicate processing

How to Help Avoid:

- Ensure all transactions are deposited within the required timeframe (3 business days).
- Ensure all cards accepted are Visa cards with the Visa Logo and security features.
- Avoid duplicating a purchase by billing the cardholder more than once. If you realize an error of duplication, promptly issue a credit to the cardholder's account.
- Ensure all refunds are posted as refunds and not refund corrections.
- Transaction amounts must be legible on all copies of the transaction receipt.

Special Remedy Instructions:

- Card-Present Environment – Two swiped/imprinted and signed sales drafts.
- Card-Not-Present Environment – Two authorized separate transactions.

Non-Receipt of Merchandise or Services

RC38 Merchandise/Services not received by cardholder or authorized person

How to Help Avoid:

- Ensure merchandise/service is received by the Visa cardholder or authorized person on the agreed upon delivery date and the agreed upon location (retain signed delivery receipt showing name and address merchandise was delivered to).

Special Remedy Instructions:

- Obtain signed proof of delivery by cardholder at the agreed upon location.

Tips for Most Common Chargeback Codes (MasterCard)

Documentation Related

RC01 Requested transaction information not received

How to Help Avoid:

- Retain all sales slips for the time specified as per merchant agreement (18 months).
- Respond to all retrieval requests promptly by supplying copies of requested sales slips and related documentation. Failure to supply a copy of the requested transaction information within the specified timeframe could result in a non-reversible chargeback debit being processed to your account.
- Ensure all sales slips are complete, clear and legible whether manually imprinted or electronically through a terminal printer.
- Ensure that the correct sales receipts are supplied for the reference numbers provided in each retrieval request.
- Ensure that Moneris has your correct and most recent contact information

Authorization Related

RC08 Requested/Required authorization not received

How to Help Avoid:

- Always obtain proper authorization for all transactions being processed.
- Do not process transactions for more than the authorized or pre-authorized amount.
- If dollar value of transaction exceeds the pre-authorization amount merchant is to obtain additional authorization for the difference or re-authorize the entire amount of transaction.
- Avoid processing transactions for which “declined” authorization responses are received.

Fraud Related

RC37 No Cardholder Authorization

How to Help Avoid:

- Ensure that all face-to-face transactions are completed with a card swipe via a POS terminal or with a manual imprint including a cardholder signature, the amount and an authorization number.

Special Remedy Instructions:

- Provide a copy of the signed swiped/imprinted and authorized sales slip.
- If the POS terminal provider is not Moneris Solutions, an authorization log must be provided in addition to the copy of the transaction slip.

RC40 Fraudulent Processing of Transactions

How to Help Avoid:

- Ensure the cardholder is contacted and agrees to any additional charges to their credit card via a signed swiped/imprinted and authorized sales slip.

Special Remedy Instructions:

- Provide a copy of both the disputed and non-disputed transaction as well as a description of the purchase or service that was provided for each transaction.

Errors in Processing or Procedure

RC34 Duplicate Processing

How to Help Avoid:

- Always issue credit immediately for all duplicate transactions that may have been processed in error.
- Ensure that all refunds are entered as a credit/refund and not a sale on your POS terminal.
- Always obtain separate authorization for all transactions with a signature, swipe/imprint and separate authorization code that are deemed valid.
- Ensure that all electronic deposits (sales and refunds) are settled via your POS terminal within 3 business days from the date of the transaction.

Important Numbers

Moneris Solutions 24/7/365 Customer Service

Phone: 1-866-319-7450

Visa Retrievals

Fax: 1-866-596-1116

Local Fax: 416-231-9329 (Toronto & GTA)

Visa Chargebacks

Fax: 1-866-354-3797

Local Fax: 416-734-1560 (Toronto & GTA)

MasterCard Retrievals

Fax: 1-888-224-3919

Local Fax: 416-232-8474 (Toronto & GTA)

MasterCard Chargebacks

Fax: 1-888-224-3919

Local Fax: 416-232-8571 (Toronto & GTA)

Credit Card IVR Authorizations

Phone: 1-866-802-2637



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