# Chargeback Guide

16 April 2010

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# Summary of Changes, 16 April 2010

This document reflects changes associated with the 16 April 2010 *Chargeback Guide.* To locate these changes online, on the Adobe toolbar, click Find. In the Find box, type *chg*, and then press ENTER. To move to the next change, press ENTER again.

| Description of Change | Where to Look |
|---|---|
| To ensure that members have access to current contact information and standards used for MasterCard documentation, MasterCard has created the Member Publications Support page. As a result, MasterCard has removed some content from this document, including times expressed, language use, and contact information, which members now can find online. | Member Publications Support page on MasterCard OnLine® |
| Updated "Chip Liability Shift Program" to "Global Chip Liability Shift Program" | Entire guide |
| **Chapter 1, Processing Procedures** | |
| Updated section 1.6.1.1.1, World MasterCard Transactions, to include World MasterCard® for Business | Chapter 1 |
| Updated message reason codes to which the T&E interchange rate program does not apply in regard to chip liability shift chargebacks in section 1.6.1.2 | |
| Updated section 1.13.3, Data Record Text, and 1.16, Missing Documentation, to include Mexico domestic transactions | |
| Corrected message reason code in section 1.9 Processing First Chargeback/1442 Messages | |
| **Chapter 2, Merchant Acceptance Procedures and Special Transaction Types** | |
| Added new paragraph to section 2.1.6.2.1 A Description of the Good | Chapter 2 |
| Updated section 2.1.12 with information for intracountry transactions conducted in India | |
| Removed previous list item number 8 from section 2.2.1 MasterCard Guaranteed Reservations: "Where the transaction is identifiable to a specific issuer but is not identifiable to a specific account number within that institution, the bearer of the liability will be the acquirer." | |
| Updated item number one in section 2.2.3 Advance Resort Deposit | |
| Updated section 2.4 with information for intracountry transactions conducted in India | |
| Added note to section 2.4.1, "Parts one and four of this section 2.4.1 do not apply to Debit MasterCard purchase with cash back transactions taking place in Denmark or Finland until 1 January 2011." | |
| Updated list items 1b and 1c in section 2.7.2.2 CAT Level 1: Automated Dispensing Machines (CAT 1) | |
| Updated list item 8 of section 2.7.2.3 CAT Level 2: Self-Service Terminal (CAT 2) | |

| Description of Change | Where to Look |
|---|---|
| Updated section 2.7.2.4, CAT Level 3: Limited Amount Terminals (CAT 3), to include Poland in the restricted usage of CAT 3 devices for *PayPass*-only transactions properly identified with MCC 5499 | |
| Updated chip liability shift information in text and tables of section 2.8 | |
| Updated bulleted list in section 2.8.1.3 Technical Fallback | |
| Added statement to section 2.12 regarding proof of CVM under message reason code 4837 for intraregional *PayPass* transactions in the Canada region | |
| Added section 2.12.3, MasterCard *PayPass* M/Chip Transaction Offline Authorization Limit Amounts | |
| Added section 2.13, Refund of an Unreasonable Amount | |
| **Chapter 3, Message Reason Codes** | |
| Updated bulleted list in section 3.5 Cardholder Dispute Chargebacks | Chapter 3 |
| Updated section 3.13.1, Proper Use of Message Reason Code 4808, subsection CAT Level 3, to include Poland for transactions identified as CAT Level 3 in the acquirer's First Presentment/1240 message | |
| Updated section 3.13.4, Proper Use for Issuer's First Chargeback, to include Poland for *PayPass*-only CAT 3 transactions in DE 72 | |
| Updated section 3.15.1 Proper Use of Message Reason Code 4831, regarding chargebacks for unreasonable amounts | |
| Updated table in section 3.15.4 Proper Use for Issuer's First Chargeback, regarding unreasonable amount discrepancies | |
| Updated notes regarding unreasonable amount disputes in tables 3.46 and 3.47 of section 3.15.5 Proper Use for Acquirer's Second Presentment | |
| Updated introductory paragraph of section 3.23 Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction | |
| Added table 3.48, Unreasonable Amount (Intra-EEA Transactions Only), to section 3.15.5 Proper Use for Acquirer's Second Presentment | |
| Updated notes in tables 3.67, 3.77, 3.80, and 3.81 in section 3.18.5, Proper Use for Acquirer's Second Presentment | |
| Updated table 3.102, Cardholder POI Currency Conversion, in section 3.22.4 Proper Use for Issuer's First Chargeback | |
| Added Germany, Poland, and Switzerland to DE 72 in sections 3.13.4 and 3.23.4 | |
| Added Germany, Poland, and Switzerland to CAT Level 3 subsection in section 3.23.1 | |
| Updated references to *Security Rules and Procedures* manual in section 3.24.1 | |

| Description of Change | Where to Look |
|---|---|
| Updated eligibility requirements in section 3.24.1.1 | |
| Updated requirements governing time frame for issuer's chargeback using message reason code 4849 in section 3.24.1.2 | |
| Added bullet regarding improper use of message reason code 4849 in section 3.24.2 | |
| Updated section 3.26.1 Proper Use of Message Reason Code 4853 | |
| Updated Prerequisites for Defective in section 3.26.1 Proper Use of Message Reason Code 4853 | |
| Updated section 3.28.1 Proper Use of Message Reason Code 4855 | |
| Removed reason RS6 (and references to it) from Message Reason Code 4859—Services Not Rendered, in section 3.30 | |
| Updated table 3.139, RS5 (Guaranteed Reservation Service) in section 3.30.8 RS5 (Guaranteed Reservation Service) | |
| Updated section 3.34.5 Arbitration Chargeback | |
| Updated Section 3.35.2 Improper Use of Message Reason Code 4871 | |
| Updated section 3.35.5 Arbitration Chargeback | |
| Updated Notes section of tables 3.69 and 3.172 in sections 3.9.5 and 3.24.5, respectively, to include interregional commercial card transactions | |
| **Chapter 4, Arbitration Procedures** | |
| Updated section 4.9, Arbitration or Compliance Case Appeals | Chapter 4 |
| **Chapter 5, Compliance Procedures** | |
| Updated Overview with information for intracountry transactions conducted in India | |
| Removed section 5.10.4, Account, Cardholder, and Transaction Data Security | Chapter 5 |
| **Chapter 6, Retrieval Requests and Fulfillments** | |
| Updated section 6.3.6, Retrieval Request Fulfillment Procedure, and section 6.3.10.1, Chargeback edits for message reason codes 4801 and 4802, to include Mexico domestic transactions | Chapter 6 |
| **Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard)** | |
| Added paragraph to A.2.4 regarding intra-European transactions | Appendix A |
| Updated text and tables regarding message reason code 4870 in section A.3.8 and added new table to section 3.8.1 | |
| **Appendix B, Chargebacks—Maestro Debit Cards** | |

| Description of Change | Where to Look |
|---|---|
| Updated section B.2.14.1 and added section B.2.14.2 regarding proper use of interregional message reason code 4870 | Appendix B |
| Updated section B.2.15.1 Proper Use of Interregional Message Reason Code 48 | |
| Updated section B.3.5 Intra-European Message Reason Code 4831—Incorrect Transaction Amount for unreasonable amount disputes | |
| Updated section B.3.6.2 Proper Use for Issuer's First Chargeback | |
| Added section B.3.7.6 | |
| **Appendix C, Chargeback Protection Amounts** | |
| Updated *PayPass*-related Chargeback Protection Amounts for <br>• Australia<br>• Singapore<br>• United Kingdom | Appendix C |
| Added MCC 7338, Quick Copy, Reproduction, and Blueprinting Services, and MCC 7542, Car Washes for the U.S. region | |
| Added MCC 9399, Government Services—not elsewhere classified, for the U.S. region, **effective for transactions that occur on or after 15 October 2010** | |
| Added Romania, Russian Federation, and Switzerland to Europe region | |

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# Chapter 1 Processing Procedures

*This chapter describes the way that funds are moved between issuers and acquirers and documents the procedural requirements for each stage of the chargeback process.*

# Overview

This chapter describes the way that funds are moved between issuers and acquirers. Procedural requirements are documented for each stage of the chargeback process. In addition, this chapter contains information about IPM messages as they relate to the chargeback process.

Please refer to the following documents for more information related to the subjects discussed in this document:

- *Account Management System User Manual*
- *Authorization Guide*
- *Authorization System Manual*
- *Cirrus Worldwide Operating Rules*
- *Customer Interface Specification*
- *GCMS Reference Manual*
- *Authorization and Clearing Release 10.2 Document*
- *IPM Clearing Formats*
- *M/Chip Requirements*
- *Maestro Global Rules*
- *MasterCard Consolidated Billing System—Europe Region*
- *MasterCard Rules*
- *MasterCom Administrator's Manual*
- *MasterCom Reports Manual*
- *MDS Settlement and Reports*
- *Network Interface Validation Document Set for U.K. Domestic Maestro*
- *NICS Users' Guide*
- *Quick Payment Service (QPS) Program Guide*
- *Quick Reference Booklet*
- *Security Rules and Procedures*
- *Settlement Manual*
- *V5 Interface Specifications*

Please refer to the *GCMS Reference Manual* and other publications listed in the "Overview" chapter for information about Global Clearing Management System (GCMS) processing and the Integrated Product Messages (IPM) format.

Refer to the *Maestro Global Rules* for information about processing chargebacks that arise from transactions conducted with a U.S.-issued Debit MasterCard where a PIN is used as the cardholder verification method.

# 1.1 The Global Clearing Management System

MasterCard clears transactions through the Global Clearing Management System (GCMS). GCMS uses messages in the Integrated Product Messages (IPM) format. This format is an International Organization of Standardization (ISO)-based flexible format that provides all clearing system information.

### 1.1.1 IPM Message Structure

All IPM messages contain four main components:

- **Message Type Identifier (MTI)**—The first element of every IPM message. The MTI is always located in positions 1–4 of the message. The MTI describes the message class. For example, MTI 1442 indicates a chargeback message.

- **Bitmaps**—Bitmaps are the second and third elements of every IPM message. The bitmaps indicate the presence or absence of ISO data elements (DE 1 through DE 128) in each message. There are two bitmaps in every message:

    - **Primary**—Positions 5–12; indicates the presence of data elements 1–64.

    - **Secondary**—Positions 13–20; indicates the presence of data elements 65–128.

      Each bit contains a value of **zero** if the corresponding data element is not present in the message or a value of **one** if it is present.

    - **Data elements**—Data elements represent different, pre-identified pieces of information and follow the bitmaps in order by number (known as data element number). For example, function codes are stored in DE 24 (Function Code) and indicate the specific purpose of a message in a message class. Examples of function codes are 450 (first chargeback—full amount) and 453 (first chargeback—partial amount).

    - **Message reason codes**—Message reason codes for first chargebacks, second presentments, and arbitration chargebacks are stored in DE 25 (Message Reason Code).

For example, a first chargeback for a full amount for message reason code 4837—No Cardholder Authorization would have the following values.

| MTI | 1442 | Indicates that the message is a chargeback |
|---|---|---|
| **DE 24 (Function Code)** | 450 | Indicates that the message is a first chargeback for the full amount |
| **DE 25 (Message Reason Code)** | 4837 | Indicates the reason for the chargeback |

Refer to the *IPM Clearing Formats* manual for a complete list and explanation of data elements.

### 1.1.2 Chargeback Processing Cycles

The following table summarizes the IPM messages used in each chargeback processing cycle.

**Table 1.1—Chargeback Processing Cycle IPM Messages**

| MTI | Description | Function Code | Description | Initiated By |
|-----|-------------|---------------|-------------|--------------|
| 1240 | First Presentment | 200 | First presentment | Acquirer |
| 1442 | First Chargeback | 450 | Full amount | Issuer |
| | | 453 | Partial amount | Issuer |
| 1240 | Second Presentment | 205 | Full amount | Acquirer |
| | | 282 | Partial amount | Acquirer |
| 1442 | Arbitration Chargeback | 451 | Full amount | Issuer |
| | | 454 | Partial amount | Issuer |

In addition, the following MTI and Function Code combinations may be used in chargeback processing:

- Retrieval Request/1644-603

- Fee Collection (Member-generated)/1740-700, -780, -781, or -782

- Fee Collection (Clearing System-generated)/1740-783

### 1.1.3 Chargeback Benefits of GCMS

GCMS provides:

- Retrieval request and response data in chargeback messages so that members can tell at a glance the outcome of a retrieval request.

- MasterCom dates for documentation sent, if present, in the previous cycle.

- Information from the previous chargeback cycle with each subsequent chargeback cycle, so that members are not required to obtain this information from their archives. This information includes amounts, reason codes, and DE 72 (Data Record) texts.

In addition:

- IPM Second Presentment/1240 and Arbitration Chargeback/1442 messages indicate the reason for the second presentment or arbitration chargeback.

- IPM documentation indicators have one purpose—to indicate whether documentation will follow the transaction.

## 1.2 Rights and Obligations

All members have certain rights and obligations when clearing and settling transactions. Members are required to submit and to accept specific transaction records electronically through GCMS.

Additionally, all members should balance their net settlement debit or credit advisement received daily to their IPM reconciliation messages (IPM File Currency Summary/1644-680 and IPM Financial Position Detail/1644-685). These messages show the net result of all records sent to and received from MasterCard in one day.

Refer to the *IPM Clearing Formats* manual for information about messages and procedures for presentment of transactions.

Refer to the *Settlement Manual* for information about settlement advisements.

## 1.2.1 Acquirer Responsibilities

All acquirers are responsible for the following:
- Ensuring that presented data is accurate, complete, and in compliance with the MasterCard operating rules.
- Editing, monitoring, and reconciling messages sent and received by balancing the IPM reconciliation messages (IPM File Currency Summary/1644-680 and IPM Financial Position Detail/1644-685) to their internal system reports of member-generated data and data generated by MasterCard. This requirement ensures that members reconcile all rejected and accepted messages.
- Receiving all IPM First Chargeback/1442 messages that issuers submit and either:
  – Accepting responsibility for the transactions received.
  – Pursuing a remedy for the transactions in accordance with the rules and procedures specified within this guide.

  For example, after receiving a chargeback, the acquirer must not enter the item invalidly into interchange as a new first presentment unless the applicable chargeback rule states that is the proper procedure. Normally, if the acquirer can remedy the dispute (such as when the merchant can provide supporting documentation), the acquirer must submit the transaction as a second presentment. Refer to the *IPM Clearing Formats* manual for these message formats.

## 1.2.2 Issuer Responsibilities

All issuers are responsible for the following:
- Receiving all IPM First Presentment/1240 messages as presented by the acquirer.
- Ensuring that all necessary data is passed to the cardholder, or is readily accessible for transaction research and monitoring purposes.
- Editing, monitoring, and reconciling messages sent and received by balancing the IPM reconciliation messages (IPM File Currency Summary/1644-680 and IPM Financial Position Detail/1644-685) to their internal system reports of incoming data received by, and outgoing data sent to, MasterCard. This requirement ensures that members reconcile all rejected and accepted messages.
- Initiating retrieval, chargeback, and fee collection messages in accordance with

– The formats and details defined in *IPM Clearing Formats*
– MasterCard chargeback rules and procedures outlined in Chapter 1 and Chapter 3 of this guide

# 1.3 Clearing and Settlement

When a cardholder uses a MasterCard®  card to purchase goods or services from a card acceptor, the acquirer will reimburse the card acceptor for the transaction. The acquirer then settles those funds with the issuer by presenting the transaction into interchange. MasterCard provides this functionality.

In summary, clearing is the movement of data from the acquirer to MasterCard, and from MasterCard to the issuer. Settlement is the process used to exchange funds between members for the net value of the monetary transactions cleared for that processing day. Interchange is the exchange of transaction data between members.

# 1.4 Chargeback Stages

After the first presentment of a transaction from the acquirer to the issuer, the issuer may determine that, for a given reason specified within this guide, the transaction may be invalid. The issuer may then return the transaction to the acquirer as a chargeback for possible remedy.

**It is very important to note** that when an issuer has billed a transaction to its cardholder's account for payment and then chooses to exercise a chargeback right, the issuer must credit the cardholder's account for the amount of the chargeback. Under no circumstances should an issuer ultimately be reimbursed twice for the same transaction.

Similarly, an issuer should not credit a cardholder twice because of a chargeback processed by the issuer and a credit voucher processed by the card acceptor.

For each individual transaction, the interchange procedures allow for the following processing:
• First Presentment/1240
• First Chargeback/1442
• Second Presentment/1240
• Arbitration Chargeback/1442
• Arbitration Case Filing

For detailed requirements applicable to a specific message reason code, refer to Chapter 3, Message Reason Codes of this guide.

Additionally, if an issuer needs a copy of the transaction information document (TID), the retrieval process has two steps—Retrieval Request and Retrieval Fulfillment. The retrieval process also may include Image Review. For detailed requirements applicable to the retrieval process, refer to Chapter 6, Retrieval Requests and Fulfillments of this guide.

The following table identifies the stages of a transaction when the issuer initiates a chargeback.

**Table 1.2—Chargeback Stages**

| Stage | Description | MTI-Function Code(s) |
|---|---|---|
| First Presentment | Acquirer submits the transaction to the issuer. | 1240-200 |
| **Cardholder or issuer disputes the first presentment.** | | |
| Retrieval Request | Issuer may request a copy of the sales ticket to support or identify a potential chargeback.<br>**Note:** Most chargebacks do not require a retrieval request. | 1644-603 |
| Chargeback | Issuer initiates a chargeback within the time frame applicable to the specific message reason. (Refer to Chapter 3, Message Reason Codes of this guide for details.)<br>**Note:** If an issuer receives a legible copy of the TID through a second presentment for message reason code 4802—Requested/Required Information Illegible or Missing, and after viewing the item for the first time determines that it has another right of chargeback for a different message reason code, the issuer must start the process again with a new chargeback. Refer to section 3.11 Message Reason Code 4802—Requested/Required Information Illegible or Missing, for further information. | 1442-450 (full amount)<br>1442-453 (partial amount) |
| Second Presentment | When applicable, the acquirer may process a second presentment within 45 calendar days of the Central Site Business Date (PDS 0158 [Business Activity], subfield 5 [Business Date]) of the chargeback. | 1240-205 (full amount)<br>1240-282 (partial amount) |
| Arbitration Chargeback | When applicable, the issuer may initiate an arbitration chargeback within 45 calendar days of the Central Site Business Date of the second presentment. | 1442-451 (full amount)<br>1442-454 (partial amount) |
| Arbitration Case Filing | The acquirer may file an arbitration case to MasterCard, for a decision on the dispute, within 45 calendar days of the Central Site Business Date of the arbitration chargeback. | N/A |

# 1.5 Explanation of Receipt and Processing Date

For purposes of definition, the receipt date for a presented (clearing) transaction or a chargeback is the Central Site Business Date in PDS 0158 (Business Activity), subfield 5 (Business Date).

When calculating clearing time frames, the Central Site Business Date of an outgoing chargeback **is** counted as day one.

The Central Site Business Date of the presentment or the incoming chargeback **is not** counted as day one.

# 1.6 Explanation of Acquirer Reference Data

The acquirer assigns the 23-digit value in DE 31 (Acquirer Reference Data [ARD]) to identify the original transaction when it is processed through GCMS and to identify the transaction throughout its life cycle.

## 1.6.1 Interchange Rate Designator

The interchange rate designator (IRD) identifies the interchange rate program for which the acquirer presented the transaction, throughout the life cycle of the item, including during presentment, retrieval, and chargeback. The IRD is presented in PDS 0158 (Business Activity), subfield 4 (Interchange Rate Designator).

Refer to the *Interchange Manual* for additional interchange rate program requirements.

### 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program

The following sections describe chargeback rights that apply to transactions conducted with a U.S. region-issued World MasterCard™ card or World Elite MasterCard™ card at a U.S. region-acquired Travel and Entertainment (T&E) merchant and submitted for the World MasterCard T&E or World MasterCard Standard interchange rate program.

#### 1.6.1.1.1 World MasterCard Transactions

U.S. dollar limits exist for specific chargebacks on transactions conducted with a U.S. region-issued World MasterCard™ card or World MasterCard® for Business card at a U.S. region-acquired Travel and Entertainment (T&E) merchant and submitted for the World MasterCard T&E or World MasterCard Standard interchange rate program.

MasterCard established these limits to reduce the number of exception items associated with World MasterCard card transactions conducted at T&E merchants.

The following chargeback policies apply to these transactions:

• GCMS will reject chargebacks for message reason codes 4802, 4831, 4837, 4840, 4841, 4842, 4846, 4850, 4853, 4854, 4855, 4857, 4859, 4862, and 4863 if the transaction amount is equal to or less than the established U.S. dollar limit for each of the card acceptor business codes/Merchant Category Codes (MCCs) listed in Table 1.3. At its discretion, MasterCard may permit chargebacks under these message reason codes for transactions that are less than the U.S. dollar limit for particular card acceptors within the MCCs listed in Table 1.3.

• MasterCard will permit message reason code 4859, RS4 (Airline flight not provided) to be used in the event of an airline bankruptcy.

**Table 1.3—Chargeback Dollar Limits for World MasterCard Card Transactions in Certain Merchant Categories**

| Merchant Category | MCCs | US Dollar Limit |
|---|---|---|
| Airlines | 3000–3299, 4511 | USD 500 |
| Automobile and Vehicle Rentals | 3351–3500, 7512, 7513, 7519 | USD 250 |
| Cruise Lines | 4411 | USD 500 |
| Eating Places, Restaurants [1] | 5812 | USD 250 |
| Hotels and Motels | 3501–3999, 7011 | USD 250 |
| Travel Agencies and Tour Operators | 4722 | USD 250 |
| Passenger Railways | 4112 | USD 250 |

• GCMS will allow chargebacks for message reason codes 4801, 4807, 4808, 4812, 4834, 4835, 4847, 4849, and 4860 for any U.S. dollar amount for the MCCs shown in Table 1.3.

### 1.6.1.1.2 World Elite MasterCard Transactions

The following chargeback policies apply to transactions conducted with a U.S. region-issued World Elite™ MasterCard® , World Elite® MasterCard® for Business, or MasterCard® Corporate World Elite™ at a U.S. region-acquired Travel and Entertainment (T&E) merchant and submitted for the World MasterCard T&E or World MasterCard Standard interchange rate program:

• GCMS will reject all chargebacks, regardless of dollar amount for message reason codes 4802, 4831, 4837, 4840, 4841, 4842, 4846, 4850, 4853, 4854, 4855, 4857, 4859, 4862, and 4863 for each of the MCCs listed in Table 1.3

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1. Excludes chargebacks submitted for U.S. region IRD 58 (World Restaurant) and WQ (World Elite Restaurant). Chargebacks submitted for these IRDs are permitted for any amount up to the transaction maximum amount of USD 60.

- At its discretion, MasterCard may permit chargebacks under these message reason codes for particular card acceptors within the MCCs listed in the following table. MasterCard will permit message reason code 4859, RS4 (Airline Flight not Provided) to be used in the event of an airline bankruptcy.

- GCMS will allow chargebacks for message reason codes 4801, 4807, 4808, 4812, 4834, 4835, 4847, 4849, and 4860 for any U.S. dollar amount for the MCCs shown in Table 1.3.

### 1.6.1.2 Europe Region World MasterCard T&E Interchange Rate Program

This section describes chargeback rights that apply to transactions conducted with a Europe region-issued World MasterCard Card at a Europe region-acquired Travel and Entertainment (T&E) merchant.

Euro limits exist for specific chargebacks on intra-European transactions submitted for a World MasterCard interchange rate program. MasterCard established these limits to reduce the number of exception items associated with World MasterCard Card transactions conducted at T&E merchants.

The following chargeback policies apply to these transactions:

- GCMS will reject chargebacks for message reason codes 4802, 4831, 4837, 4840, 4841, 4842, 4846, 4850, 4853, 4855, 4857, 4859, and 4863 if the transaction amount is equal to or less than the established euro limit for each of the card acceptor business codes/Merchant Category Codes (MCCs) listed in the table below.

- At its discretion, MasterCard may permit chargebacks under these message reason codes for transactions that are less than the euro limit for particular card acceptors within the MCCs listed in the chart below. MasterCard will permit message reason code 4859, RS4 (Airline Flight not Provided) to be used in the event of an airline bankruptcy.

**Table 1.4—Chargeback Euro Limits for World MasterCard Card Transactions**

| Merchant Category | MCCs | Euro Limit |
|---|---|---|
| Airlines | 3000–3299, 4511 | EUR 500 |
| Automobile and Vehicle Rentals | 3351–3500, 7512, 7513, 7519 | EUR 250 |
| Cruise Lines | 4411 | EUR 500 |
| Eating Places, Restaurants | 5812 | EUR 250 |
| Hotels and Motels | 3501–3999, 7011 | EUR 250 |
| Travel Agencies and Tour Operators | 4722 | EUR 250 |
| Passenger Railways | 4112 | EUR 250 |

- GCMS will allow chargebacks for message reason codes 4801, 4807, 4808, 4812, 4834, 4835, 4847, 4849, 4860, 4862, 4870, 4871, and 4999 for any euro amount for the MCCs shown in Table 1.4.

# 1.7 Processing Cycles and Time Frames

Following the first presentment of a transaction, the chargeback life cycle includes the first chargeback and, if necessary, a second presentment, arbitration chargeback, and arbitration case filing.

Applicable time frames associated with the generation of a first chargeback depend on the message reason code. Refer to Chapter 3, Message Reason Codes of this guide for the applicable time frames.

## 1.7.1 GCMS Support of Time Frames

GCMS edits the First Chargeback/1442, Second Presentment/1240, and Arbitration Chargeback/1442 messages to validate chargeback processing and time frame requirements. Refer to the *IPM Clearing Formats* manual for detailed information about IPM messages.

NOTE

**A member that experiences severe operational difficulties because of a natural disaster may contact its Customer Operations Services representative and apply for a hardship variance. If approved, MasterCard will waive time frame edits applicable to all message reason codes for a prescribed period.**

MasterCard will publish approved variances in the *Global Operations Bulletin* and in the Text Message/1644 message. The member that received the variance is responsible for identifying each transaction accordingly.

## 1.7.2 Time Frame for First Presentment

An acquirer must present the transaction to the issuer within **one** of the following time frames:

- If the transaction was completed with electronically recorded card information (whether card-read or key-entered), the acquirer has a maximum of seven calendar days after the transaction date to present the transaction to the issuer.

- If the transaction was completed with manually recorded card information (whether imprinted or handwritten), the acquirer has a maximum of 30 calendar days after the transaction date to present the transaction to the issuer.

These time frames are defined as the time between the transaction date and the Central Site Business Date. When calculating the number of days, consider the transaction date as day zero. An issuer **must** accept a transaction submitted beyond the applicable time frame if the account is in good standing or the transaction can be honored.

Notwithstanding these time frames, the acquirer has a maximum of 30 calendar days after the transaction date to present a transaction if the acquirer must delay presentment:

• due to the card acceptor's delay in submitting the transaction, as permitted under Rule 5.7.2, Submit Transactions within Three Business Days, of the *MasterCard Rules*; or

• a national bank holiday of at least four consecutive days occurred, which prevented the acquirer from presenting a card-read or key-entered transaction within the applicable seven-calendar-day time frame.

In either such event, the acquirer must present the transaction promptly upon receipt.

Refer to section 3.22.8 Additional Processing Notes for information about time frames applicable to transactions previously charged back under message reason code 4846.

The issuer may use the following values to determine whether a transaction has been completed with electronically or manually recorded card information.

**Table 1.5—Time Frame for First Presentment**

| In this type of message... | IF a transaction is completed with manually recorded card information, THEN... | IF a transaction is completed with electronically recorded card information, THEN... |
|---|---|---|
| First Presentment/1240 message | DE 22, subfield 7 (POS Terminal PAN Entry Mode) contains a value of one of the following:<br>• 1 (manual input; no terminal)<br>• 0 (unspecified; data unavailable) | DE 22, subfield 7 contains any other valid value |
| Financial Transaction Advice/0220 (Debit MasterCard force post) message | DE 22, subfield 1 (Card Data: Input Mode) contains a value of one of the following:<br>• 01 (PAN manual entry)<br>• 00 (PAN entry mode unknown) | DE 22, subfield 1 contains any other valid value |

### 1.7.3 Time Frame for First Chargeback

The time frames for the first chargeback are 45, 60, 120, and 540 calendar days after the Central Site Business Date, depending on the individual reason for the chargeback. GCMS measures this time limit from the Central Site Business Date of the presentment. For certain chargeback reasons, the time frame may be calculated from a day other than the Central Site Business Date. The message reason codes in Chapter 3, Message Reason Codes detail these exceptions.

When delayed delivery of goods or performance of services by a card acceptor results in a subsequent dispute about the condition of the goods or the quality of the services, MasterCard will calculate the period of 120 days using the delivery or performance date.

In cases that involve the delayed delivery of goods or performance of services that the cardholder asserts the card acceptor never provided, MasterCard will calculate the period of 120 days from the latest anticipated date that the card acceptor was to provide the goods or services.

In cases that involve interrupted services where the services are immediately available, the period of 120 days will begin on the date that the services cease. In no case shall the first chargeback exceed 540 days (approximately 18 months) from the Central Site Business Date of the first presentment. The issuer must prorate the chargeback amount to reflect the services received. (Refer to section 4.7.13 Example 13—Prorated Chargeback Period for Interrupted Services to determine the proper prorated chargeback period.)

### 1.7.4 Time Frame for Second Presentment

The time frame for a second presentment is 45 calendar days. GCMS measures this period as the time between the Central Site Business Date that the member received the chargeback, and the date the transaction is subsequently processed as a second presentment. GCMS will reject any second presentment submitted more than 45 calendar days after receipt of the previous cycle.

### 1.7.5 Time Frame for Arbitration Chargeback

The time frame for an arbitration chargeback is 45 calendar days. GCMS measures this period as the time between the Central Site Business Date that the member received the second presentment and the date the transaction is subsequently processed as an arbitration chargeback. GCMS will reject any arbitration chargeback submitted more than 45 calendar days after receipt of the previous cycle.

# 1.7.6 Time Frame for Arbitration Case Filing

If the dispute is not resolved after completion of the first presentment, chargeback, second presentment, and arbitration chargeback cycles, a member may proceed to arbitration within 45 calendar days of the Central Site Business Date of the arbitration chargeback.

The following diagram shows the chargeback processing cycles and time frames.

**Figure 1.1—Chargeback Processing Cycles and Time Frames**
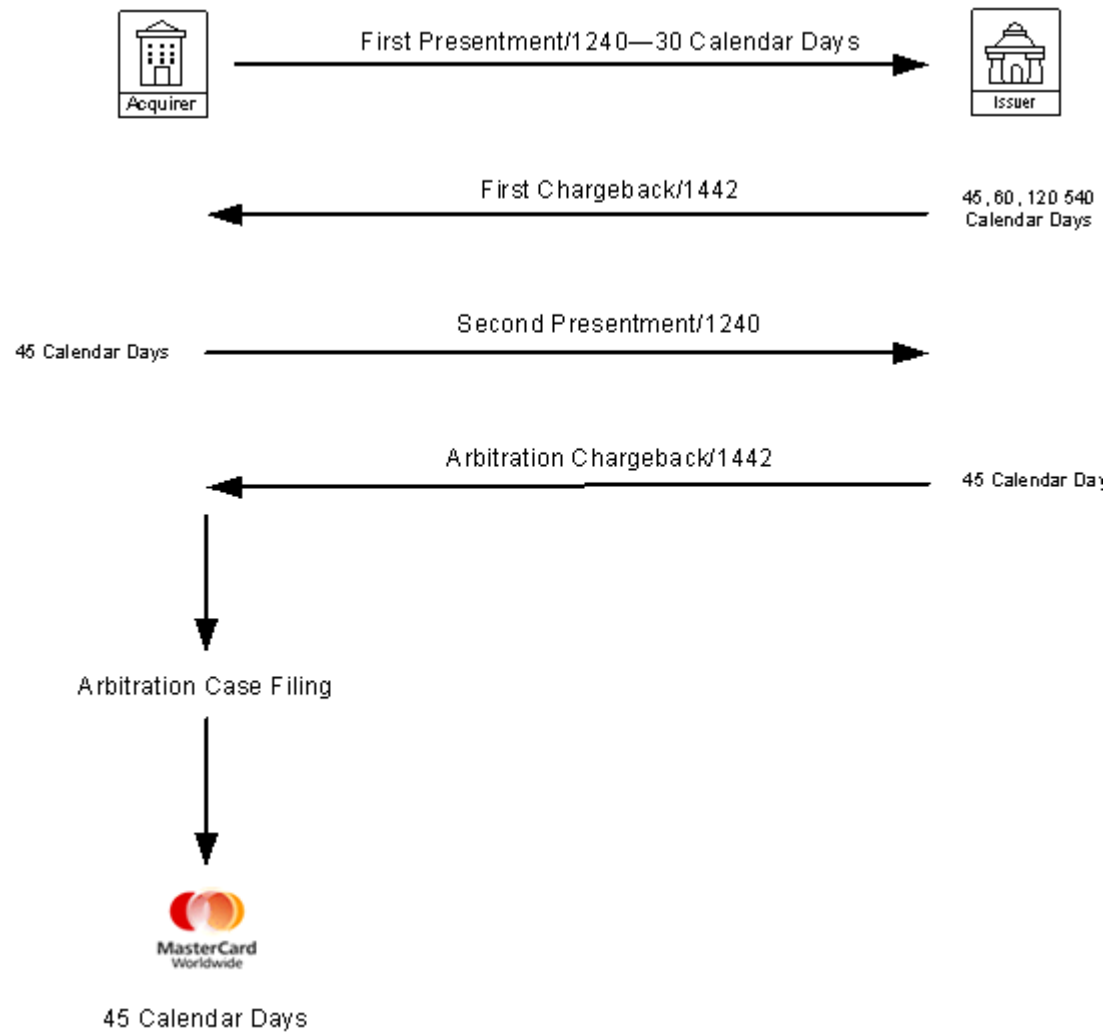
# 1.8 Processing First Presentment/1240 Messages

The first presentment occurs when the acquirer submits transaction data to the issuer for the first time, for posting to the cardholder's account.

To minimize subsequent retrievals, chargebacks, and second presentments, acquirers must ensure that all presented clearing transactions contain accurate and complete data in the applicable first presentment and addendum messages. To further minimize subsequent chargebacks and second presentments, issuers must ensure that all transaction detail provided by the acquirer is readily available to the cardholder and to internal operations.

The acquirer must send all presented transactions to GCMS using the messages and procedures that MasterCard specifies.

**NOTE**

**For information about the message procedures for presentment of transactions, refer to the *IPM Clearing Formats* manual.**

**The acquirer must present all cash disbursements, purchases, credits, unique transactions, and Payment Transactions for the full amount of the original transaction currency as agreed to by the cardholder. The amount may not be increased (or reduced in the case of a credit or a Payment Transaction) unless specifically authorized within this guide. Acquirers must present these transactions promptly to issuers.**

Except as otherwise provided in the Standards (for example, section 2.12 Processing *PayPass* Transactions of this guide), MasterCard will convert all transactions processed through GCMS into the equivalent reconciliation currency amount for settlement. MasterCard (not the card acceptor or acquirer) will convert the transaction using the buy, mid, fixed, and sell rates of the representative group of currencies most frequently traded. Other arrangements are defined for those members participating in bilateral agreements as described in Chapter 1 of the *Settlement Manual*. The term "Standards" as used in this guide has the meaning set forth in the Definitions section of the *MasterCard Rules* manual.

**NOTE**

**For more information about currency conversions, refer to Chapter 6 of the *GCMS Reference Manual* and Chapter 2, Merchant Acceptance Procedures and Special Transaction Types, of this guide.**

# 1.9 Processing First Chargeback/1442 Messages

Members must use the appropriate MTI and function code to identify the first chargeback.

| MTI | First Chargeback/1442 |
| --- | --- |
| **Function Code 450** | Full amount |
| **Function Code 453** | Partial Amount |

An issuer may process a First Chargeback/1442 message if it determines that for a valid chargeback reason specified below and detailed in Chapter 3, Message Reason Codes of this guide, the transaction may be charged back to the acquirer.

| Code | Reason |
|------|--------|
| 4801 | Requested Transaction Data Not Received |
| 4802 | Requested/Required Information Illegible or Missing |
| 4807 | Warning Bulletin File |
| 4808 | Requested/Required Authorization Not Obtained |
| 4812 | Account Number Not on File |
| 4831 | Transaction Amount Differs |
| 4834 | Duplicate Processing |
| 4835 | Card Not Valid or Expired |
| 4837 | No Cardholder Authorization |
| 4840 | Fraudulent Processing of Transaction |
| 4841 | Canceled Recurring Transaction |
| 4842 | Late Presentment |
| 4846 | Correct Transaction Currency Code Not Provided |
| 4847 | Requested/Required Authorization Not Obtained and Fraudulent Transaction |
| 4849 | Questionable Merchant Activity |
| 4850 | Credit Posted as Purchase |
| 4853 | Cardholder Dispute—Defective/Not As Described |
| 4854 | Cardholder Dispute—Not Elsewhere Classified **(U.S. Region Only)** |
| 4855 | Nonreceipt of Merchandise |
| 4857 | Card-Activated Telephone Transaction |
| 4859 | Services Not Rendered |
| 4860 | Credit Not Processed |
| 4862 | Counterfeit Transaction Magnetic Stripe POS Fraud |
| 4863 | Cardholder Does Not Recognize—Potential Fraud |
| 4870 | Chip Liability Shift |
| 4871 | Chip/PIN Liability Shift |
| 4999 | Domestic Chargeback Dispute **(Europe Region Only)** |

An issuer may exercise one first chargeback per presented transaction within the time frame applicable for the chargeback reason code chosen. Under most circumstances, GCMS will measure the time frame from the Central Site Business Date of the presentment. Refer to section 1.7 Processing Cycles and Time Frames and the specific message reason codes in Chapter 3, Message Reason Codes for detailed information about time frame measurement.

To generate a chargeback, the issuer must submit the First Chargeback/1442 message with the applicable message reason as described in Chapter 3, Message Reason Codes.

The Corporate Purchasing Department Account Program does not have chargeback rights for the following message reason codes:

- 4835—Card Not Valid or Expired
- 4837—No Cardholder Authorization
- 4840—Fraudulent Processing of Transactions
- 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction
- 4862—Counterfeit Transaction Magnetic Stripe POS Fraud
- 4863—Cardholder Does Not Recognize—Potential Fraud

IPM messages are composed of data elements and private data subelements critical to the exchange of transactions between acquirers and issuers. Members must ensure that all of the data that is contained within the IPM messages is accurate and complete.

## 1.9.1 First Chargeback Amount (DE 4 [Amount, Transaction])

An issuer must not charge back a transaction for an amount that exceeds the full amount of the transaction presented by the acquirer. It may, however, charge back a transaction for an amount less than the full amount of the transaction.

NOTE_____

**This rule applies to all transactions, except for transactions converted to U.S. dollars. Under these circumstances, the chargeback may be for an amount greater than the transaction amount originally presented by the acquirer.**

NOTE_____

**To charge back a transaction for an amount less than the full amount of the transaction, issuers must submit the First Chargeback/1442 message with a function code of 453 (partial amount).**

DE 24 (Function Code) identifies chargebacks submitted for an amount that is different from the original transaction amount. Members must provide the partial amount function code throughout the life cycle of the chargeback, when applicable.

• **Members in the U.S. region** processing a First Chargeback/1442 message:

 An issuer in the U.S. region that processes a chargeback will process it in U.S. dollars, using the First Chargeback/1442 message, with no conversion.

• **Members outside the U.S. region** processing a First Chargeback/1442 message:

 An issuer located outside the U.S. region that processes a chargeback will convert the cardholder billing currency amount directly into U.S. dollars. For information about currency conversion processing procedures, please refer to Chapter 12 of the *GCMS Reference Manual.*

• **For intra-European transactions only.** Issuers may process a chargeback for the same or lesser amount of the original presentment received from the acquirer either:

 – In the original presentment reconciliation currency, as specified in DE 5 (Amount, Reconciliation) of the First Presentment/1240 message.

 – In the amount debited in the issuer's payment currency used for settlement of the original presentment, as specified in DE 6 (Amount, Cardholder Billing) of the First Presentment/1240 message.

For example, if the transaction is in EUR and the cardholder's currency is GBP, the chargeback amount may be in either EUR or GBP.

# 1.10 Processing Second Presentment/1240 Messages

Members must use the appropriate MTI and function code to identify the second presentment.

| MTI | Second Presentment/1240 |
|---|---|
| **Function Code 205** | Full amount |
| **Function Code 282** | Partial Amount |

An acquirer may process a second presentment if the chargeback is invalid or if the acquirer can provide additional information to correct the original defect that led to the chargeback.

Refer to the specific message reason code for more information about second presentments. Refer to sections 1.15 Supporting Documentation and 1.16 Missing Documentation for detailed information about supporting documentation and missing documentation.

The processing requirements for a second presentment are identical for many of the message reason codes. The following standard procedure applies to these message reason codes unless otherwise stated under the particular message reason code:

- To process a second presentment electronically, the acquirer must process a Second Presentment/1240 message through GCMS with the applicable information in DE 95 (Card Issuer Reference Data) to identify the original chargeback. MasterCard does not require acquirers to return all original supporting documentation that the issuer provided with the original chargeback. Acquirers must provide only the additional documentation, as required in this guide, to support the current processing cycle.

- If both a transaction certificate and related data are presented in the clearing record (but not the authorization record), the acquirer is entitled to be reimbursed by the issuer for a handling fee for a second presentment for Message Reason Codes 4812 (Account Number Not On File) and 4835 (Card Not Valid or Expired). The acquirer can collect a USD 25 handling fee by submitting a Fee Collection/1740 message. Refer to the *GCMS Reference Manual* for more information.

## 1.10.1 Second Presentment Amount

An acquirer processes a second presentment for the same or lesser amount of the chargeback received from the issuer in U.S. dollars, without any further currency conversion.

**For intra-European transactions only**. An acquirer may process a second presentment for the same or lesser amount of the chargeback received from the issuer either:

- In the currency of the chargeback, as specified in DE 4 (Amount Transaction) of the First Chargeback/1442 message.

- In the acquirer payment currency used for settlement of the chargeback, as specified in DE 5 (Amount, Reconciliation) of the First Chargeback/1442 message.

Acquirers cannot process a second presentment for an amount greater than the issuer's chargeback, but the acquirer may process a second presentment for a lesser amount. Acquirers can initiate a partial amount second presentment when an issuer has charged back the full amount of the original presentment. And through communication with the card acceptor, the acquirer accepts responsibility for a portion of the disputed amount. Acquirers notify MasterCard and issuers that the second presentment is for less than the full amount of the first chargeback, by submitting a Second Presentment/1240 message with a function code of 282 (partial amount).

If the amount is not being reduced with the acquirer's second presentment, and the issuer originally submitted the First Chargeback/1442 message with a function code of 453 (partial amount), the acquirer must submit the Second Presentment/1240 message with a function code of 282 (partial amount).

NOTE

**To indicate a reduced chargeback amount, the issuer submits a First Chargeback/1442-453 message and the acquirer submits a Second Presentment/1240-282 message. If the issuer or acquirer does not reduce the amount, it should process the second presentment or arbitration amount with the same partial amount function code that it received.**

# 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message)

Members must use the appropriate MTI and function code to identify the first chargeback.

| **MTI** | Arbitration Chargeback/1442 |
|---|---|
| **Function Code 451** | Full amount |
| **Function Code 454** | Partial Amount |

An issuer has the right to collect a USD 25 handling fee upon receipt of a TID provided with a second presentment that reveals a card acceptor name, date, or location differing from the information transmitted in the first presentment. This fee is to reimburse the issuer for expenses incurred resulting from erroneous information provided with the original presentment that prompted the issuance of the unnecessary chargeback. The issuer collects this fee by processing a Fee Collection (Member-Generated)/1740 message to the acquirer with message reason code 7612.

NOTE

**The issuer must start the processing cycle again with a First Chargeback/1442 message if it receives a legible copy of the TID through a second presentment of a chargeback for message reason code 4802—Requested/Required Information Illegible or Missing and, after viewing the document for the first time, determines that it has another right of chargeback for a different reason.**

The following standard procedure applies to an arbitration chargeback for each message reason code, unless otherwise stated. The issuer must process an Arbitration Chargeback/1442 message to the acquirer through GCMS, placing the same information in DE 95 (Card Issuer Reference Data) as was identified in the first chargeback and second presentment.

NOTE

**The issuer must provide any new documentation that supports the arbitration chargeback or the change in the message reason code to the acquirer.**

Refer to section 1.15 Supporting Documentation and in Chapter 1 of this guide for more information about supporting and missing documentation.

Please refer to section 3.9.5 Arbitration Chargeback/1442 IPM (Function Codes 451 or 454) Message Reason Code Usage in Chapter 3 of this guide for a list of definitions of the Arbitration Chargeback/1442 IPM message reason codes.

## 1.11.1 Arbitration Chargeback Amount

Issuers process an arbitration chargeback for the same or lesser amount of the second presentment received from the acquirer in U.S. dollars, without any further currency conversion.

**For intra-European transactions only.** Issuers may process an arbitration chargeback for the same or lesser amount of the second presentment received from the acquirer either:

• In the second presentment reconciliation currency, as specified in DE 5 (Amount, Reconciliation) of the Second Presentment/1240 message.

• In the amount debited in the issuer's payment currency used for settlement of the second presentment, as specified in DE 6 (Amount, Cardholder Billing) of the Second Presentment/1240 message.

An arbitration chargeback may not be for an amount in excess of the acquirer's second presentment, but it may be for a lesser amount. To indicate a lesser amount, the issuer submits the Arbitration Chargeback/1442 with a function code of 454 (partial amount).

If the acquirer has initiated the second presentment for an amount less than the original chargeback amount, the issuer must process the arbitration chargeback with the function code of 454 (partial amount).

## 1.11.2 ATM Transaction Documentation Dispute Procedures

Issuers cannot process an arbitration chargeback for an ATM transaction. When the acquirer supplies second presentment documentation through the MasterCom® system, the issuer has 10 calendar days from the date the image was delivered either to accept or to reject it. The issuer may reject the chargeback only if the information that is relevant to resolve the dispute is illegible. If the issuer determines the documentation is illegible, the issuer must complete the Second Presentment (Representment) Documentation Dispute (Form 799e) and fax it to the Debit Dispute Department, along with a copy of the illegible documentation that the acquirer provided. Refer to Appendix D, Forms for instructions for accessing the Second Presentment (Representment) Documentation Dispute (Form 799e). Issuers must complete the MasterCard/Cirrus Second Presentment (Representment) Documentation Dispute (Form 799e) and fax it to the appropriate network office. For MasterCard and Cirrus ATM transactions, fax the form to 1-636-722-7255. Refer to the *Cirrus Worldwide Operating Rules* for procedures.

**For intra-European transactions only.** The issuer is not required to complete a Second Presentment (Representment) Documentation Dispute (Form 799e) and may proceed directly to arbitration upon determining that the required second presentment documentation is missing or illegible.

Refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.

# 1.12 Arbitration Case Filing

After an issuer initiates an arbitration chargeback, neither the issuer nor the acquirer has further rights of chargeback or presentment.

An acquirer may file an arbitration case with MasterCard to resolve the dispute for one of the following reasons:

- The acquirer thinks that the issuer's arbitration chargeback was invalid.

- The acquirer did not receive the supporting documentation that the issuer should have provided with the arbitration chargeback. (If the arbitration case involves missing documentation, the acquirer must wait eight calendar days before filing the case.)

- The acquirer can provide documentary evidence to remedy the arbitration chargeback. (MasterCard does not consider additional documentation that the acquirer should have provided to the issuer with the second presentment.)

Refer to Chapter 4, Arbitration Procedures for more information about arbitration case filing procedures.

**NOTE**

**A member can file an arbitration case only when it has first exercised any available rights under the chargeback processes described in this guide.**

A member that requests to withdraw the arbitration filing before the issuance of a ruling is assessed both the filing fee and a withdrawal fee by MasterCard.

MasterCard will rule on the case based on the documentation provided within the chargeback processing cycles. Therefore, both members should make sure that they present their best case—the issuer with its chargeback and arbitration chargeback, and the acquirer with its second presentment and arbitration case filing.

In circumstances where no applicable message reason code exists to remedy a dispute, and a financial loss has been documented as a direct result of a rule violation, the member may attempt to resolve the matter through compliance procedures.

Refer to Chapter 4, Arbitration Procedures of this guide for the arbitration filing procedures.

Refer to Chapter 5, Compliance Procedures of this guide for the compliance procedures.

### 1.12.1 Arbitration Case Filing Amount

All arbitration proceedings are for amounts expressed in USD. Intra-European cases may be filed in EUR. Intra-United Kingdom cases may be filed in GBP When members initiate an arbitration case filing, the amount must not exceed the full amount of the arbitration chargeback, but it may be for a lesser amount.

# 1.13 Record Content

Members must process all chargebacks, second presentments, and arbitration chargebacks through GCMS using the following IPM messages:

- First Chargeback/1442

- Second Presentment/1240

- Arbitration Chargeback/1442

IPM messages include specific fields critical to the interchange of transactions between acquirers and issuers. Members must ensure that all the data contained within the IPM message is accurate and complete. Refer to the *IPM Clearing Formats* manual for the message formats.

Members that submit transactions must perform specific edits on each field of the IPM message. In general, the member must edit all fields for correct content and the record must contain all required fields.

If the member processes a message and it does not pass the GCMS edit criteria, GCMS will reject the message.

The following sections identify fields included within the first chargeback, second presentment, and arbitration chargeback messages that are of particular importance in the interchange process. Therefore, members must ensure that they adhere to the following criteria when processing a chargeback.

### 1.13.1 Card Issuer Reference Data

DE 95 (Card Issuer Reference Data) is a unique value with a maximum of 10 positions that the issuer assigns with its original chargeback. DE 95 is used to track the chargeback throughout its life cycle. The issuer may, at its option, use the first four positions to identify its Member ID number. DE 95 may be used to identify the originator and, in turn, the originator may determine and direct the chargeback to the department or affiliate member that initiated the original chargeback.

Additionally, the issuer provides DE 95 when processing a retrieval request. The acquirer is required to include the same data in a subsequent fulfillment of the retrieval request.

The issuer must not use the same DE 95 value more than once in a 12-month period. GCMS edits validate all incoming chargebacks against the chargeback history file to ensure that the incoming chargebacks do not contain a DE 95 value used previously with the same bank identification number (BIN). Acquirers must not modify the DE 95 value when submitting a second presentment. The same unique DE 95 value used for the First Chargeback/1442 must be maintained with the Second Presentment/1240, Arbitration Chargeback/1442 and arbitration case filing. GCMS will reject the chargeback, second presentment, or arbitration chargeback if it contains an invalid DE 95 value.

## 1.13.2 Documentation Indicator

A member uses PDS 0262 (Documentation Indicator) to indicate the following conditions.

| Code | Description |
|------|-------------|
| 0 | No documentation to follow |
| 1 | Documentation to follow |

The documentation indicator shows that the member is providing documentation to support a chargeback, second presentment, or arbitration chargeback.

- When documentation is neither required nor sent, the member places a **zero** in PDS 0262.

- If the chargeback requires supporting documentation, the member places a **one** in PDS 0262.

- If a member chooses to provide documentation, although it is not required, the member again places a **one** in PDS 0262.

  Members should not process second presentments or arbitration chargebacks for missing documentation if the message reason code for the previous cycle did not require documentation.

  GCMS will edit this field for all chargeback messages that require supporting documentation, and reject the message if the indicator is not a **one**. For example, GCMS will reject a chargeback for message reason code 4860—Credit Not Processed that requires a copy of the credit slip or cardholder letter if the documentation indicator is not a **one**.

### 1.13.3 Data Record Text

Members use DE 72 (Data Record) during the different chargeback processing cycles to provide the receiving member with specific information about the transaction. Some chargeback reasons require that the sender of the chargeback, second presentment, or arbitration chargeback enter specific text. If specific text is not required in DE 72, the sender of the message may provide information about the disputed transaction or identify the reason for a returned transaction in DE 72. An issuer may include additional message reason codes in DE 72 if the item qualifies for more than one specific chargeback reason. However, the additional chargeback reasons would serve only as an advisement and would not require a response of either acceptance or denial from the acquirer. The issuer may use the additional message reason codes only if this does not interfere with the required DE 72 text for the chargeback message reason.

For Mexico domestic transactions, the first positions of DE 72 must contain the Mexico domestic reason code (up to three alphanumeric characters).

#### 1.13.3.1 Data Record Text Examples

In this guide, for message reason code 4812—Account Number Not On File, the acquirer's second presentment conditions chart shows **None** under the DE 72 (Data Record) heading. This indicates that text is not required. However, the acquirer should identify the reason for the second presentment in DE 72, for example, "CHARGEBACK PAST TIME."

Message reason code 4834—Duplicate Processing requires that the issuer provide the contents of DE 31 (Acquirer Reference Data) of the first transaction posted to the cardholder's account in DE 72 of the chargeback. In this instance, the issuer must complete and use the required text of "FIRST REF NNNNNNNNNNNNNNNNNNNNNNNN."

Refer to the individual message reason codes in Chapter 3, Message Reason Codes of this guide to determine whether there is a particular requirement to provide text.

# 1.14 Retrieval Requests

Before initiating certain chargebacks, the issuer may be required to request a copy of the TID to substantiate the chargeback. To request a retrieval, the issuer submits a Retrieval Request/1644-603 message. The issuer uses the following retrieval request message reasons.

| Code | Reason |
| --- | --- |
| 6305 | Does not agree with amount billed |
| 6321 | Does not recognize |
| 6322 | Chip transaction request |

| Code | Reason |
|------|--------|
| 6323 | Personal records request |
| 6341 | Fraud investigation |
| 6342 | Potential chargeback/compliance |

The acquirer is under an obligation to fulfill this request by providing a copy or substitute draft of the TID, or alternatively must provide a response advising the issuer why the acquirer cannot honor the request.

Refer to Chapter 6, Retrieval Requests and Fulfillments of this guide for further information about processing retrieval requests and fulfillments.

# 1.15 Supporting Documentation

The term "documentation" is used throughout the various chargeback cycles. Documentation may be required to support the chargeback, second presentment, or arbitration chargeback.

**Translation of Documentation.** Members must provide the relevant documentation or information to substantiate the chargeback cycle or compliance case in the English language or with an accompanying translation in English. The member must provide a copy of the original documentation that was translated.

**When Members Share a Common Language.** A translation of the documentation is not necessary if the dispute is initiated between two members that share a common language. However, if such a dispute escalates to an arbitration or compliance case, the filing member must provide an English translation of the relevant selections of the documentation that corroborates the dispute when filing a case. The filing member also must include a copy of the original documentation that was translated.

**Documentation Processed Through MasterCom.** When a member forwards chargeback documentation using the CSD application of the MasterCom electronic imaging system, the system automatically generates the chargeback record information and forwards it with the supporting documentation.

If a second presentment or arbitration chargeback occurs, the member should provide only new documentation through the MasterCom system. (Members are not required to return all original supporting documentation provided by the sending member for each subsequent phase of the chargeback process. They must provide only the additional documentation as required in this guide to support the current processing cycle.)

For procedures to process chargeback support documentation through the MasterCom system, refer to the *MasterCom Administrator's Manual* and the online Help for the MasterCom electronic imaging system.

Any action received in MasterCom must be responded to in MasterCom. Any action responded to outside of MasterCom will not be considered a proper response to the request.

**NOTE**

**Members should recognize that for transactions processed using the MasterCard *PayPass* PAN Mapping Service, the cardholder PAN for chargeback supporting documentation will differ from the PAN originally transmitted by the acquirer.**

## 1.15.1 Documentation Types

Any requirement to provide documentation is identified for each message reason code in Chapter 3, Message Reason Codes of this guide.

Some examples of the types of documentation include the following:

- **The TID**—The member is required to send the original or a legible photocopy of the actual TID that was generated upon completion of the transaction. There are exceptions to this rule, for example, when the type of transaction allows the acquirer to provide an electronically reproduced substitute draft of the transaction or when the cardholder uses a PIN. This guide notes the applicable exceptions.

- **A cardholder copy of the slip**—The original or a reproduction of the actual cardholder's copy of the slip, as provided by the cardholder.

- **A written cardholder complaint (letter or form)**—The cardholder's letter that provides specific information about his or her dispute of the transaction. The issuer, in lieu of a written complaint generated by the cardholder, may provide an electronic mail (e-mail) message sent by the cardholder. By providing this type of documentation, the issuer is certifying that there is a relationship between the issuer and the cardholder and that the message is a true, accurate, and complete (unedited) message that the issuer received from the cardholder.

- **A written complaint (letter, form, or e-mail message) from a company or government agency representative on behalf of a corporate card cardholder for (1) non-fraudulent type disputes and (2) message reason code 4837 (No Cardholder Authorization) chargebacks when the authorized cardholder no longer is employed by the company or government agency and the issuer has closed the account**—Providing specific information about the dispute of the transaction, including the cardholder's name, account number, transaction date, transaction amount, disputed amount, and a statement that the complaint has been written by a company or government agency representative on behalf of a corporate card cardholder. In providing an e-mail message, the issuer is certifying that there is a relationship between the issuer and the cardholder on whose behalf the message was generated and that the message is true, accurate, and complete (unedited).

- **An Expedited Billing Dispute Resolution Process form for non-fraudulent type disputes**—Completed by the issuer's customer service representative while on the telephone with the cardholder or a company or government agency representative on behalf of a corporate card cardholder. The Expedited Billing Dispute Resolution Process Form may be provided in place of a written complaint generated by or on behalf of the cardholder. The Expedited Billing Dispute Resolution Process form may be used only for non–fraud-related message reason codes 4831, 4841, 4846, 4853, 4854, 4855, 4857, 4859, and 4860. (Refer to Appendix D, Forms of this guide for instructions on accessing required forms.) The customer service representative signs the form or electronically prints his or her name on the form. MasterCard will not require a cardholder signature in documentation supporting these chargebacks.

- **Progressive cardholder documentation**—A cardholder complaint (letter or form), created under the condition described in the three preceding bullets of this section, that is sent as supporting documentation with an arbitration chargeback. The progressive cardholder documentation must specifically address new information or a card acceptor's rebuttal that was provided with a second presentment. The progressive cardholder documentation must be dated after the issuer received the second presentment documentation.

- **For chip-read transactions,** the transaction certificate and related data.

- **Any other documentation that may be appropriate to support a particular chargeback, second presentment, or arbitration chargeback;** such as, Electronic Data Capture (EDC) log, magnetic stripe-reading (MSR) terminal or hybrid terminal printer certification, card acceptor rebuttal, or the authorization log.

# 1.16 Missing Documentation

When the member does not receive required supporting documentation within eight calendar days of receiving the chargeback, second presentment, or arbitration chargeback, it may submit a second presentment, arbitration chargeback, or file an arbitration case between the ninth calendar day and the 45th calendar day after receipt of the message. (This action does not apply to chargebacks that do not require supporting documentation.)

For example

- If the acquirer did not receive the required documentation to support a chargeback, the acquirer can submit a Second Presentment/1240, message reason code 2002 for "Non-receipt of Required Documentation to Support Chargeback."

- If the issuer did not receive the required documentation to support a second presentment, the issuer can submit an Arbitration Chargeback/1442, message reason code 4901 for "Required Documentation Not Received to Support Second Presentment."

The following applies to Mexico domestic transactions only:

When the member does not receive the required supporting documentation within one business day of receiving the chargeback, second presentment, or arbitration chargeback, it may submit a second presentment or arbitration chargeback or file an arbitration case between the second business day and the 45th calendar day after receipt of the message. All Mexico domestic transaction disputes require supporting documentation.

NOTE

**The member must use the correct message reason code to indicate that documentation for the previous cycle was not received.**

GCMS rejects any second presentment or arbitration chargeback message that indicates "missing documentation" if the Chargeback History File indicates that the member provided documentation through the MasterCom system.

GCMS also rejects any arbitration chargeback that follows a valid second presentment containing a message reason code of 4901 in the following situation:

- The Chargeback History File indicates that documentation for the issuer's first chargeback was not provided through the MasterCom system.

- The chargeback message reason always requires that documentation be provided.

# 1.17 Incompatible or Invalid Acquirer Reference Data

When processing a chargeback, an issuer must provide the acquirer with an Acquirer Reference Data (ARD) in the First Chargeback/1442 message.

If the acquirer receives an invalid ARD, or one that is incompatible with the cardholder account number and transaction amount, the acquirer must submit a Second Presentment/1442 message within 45 calendar days of the Central Site Business Date of the message. No documentation is required to support a second presentment caused by an invalid/incompatible ARD.

## 1.17.1 Second Presentment

When the acquirer submits a second presentment because the issuer supplied an incompatible or invalid ARD, and no documentation is required or provided, the acquirer must submit a second presentment with message reason code 2001 Invalid Acquirer Reference Data on Documentation was Received or was Not Required).

When the acquirer did receive documentation, the acquirer must submit a second presentment with message reason code 2004, "Invalid Acquirer Reference Data on Chargeback; Documentation was Received."

### 1.17.2 Arbitration Chargeback

An issuer may remedy the second presentment within 45 calendar days of its receipt by providing the valid or compatible ARD with its arbitration chargeback. If the issuer's investigation shows that it did provide correct information with its original chargeback, a copy of the incoming report showing the ARD must be provided as supporting documentation.

When initiating the arbitration chargeback, the issuer must state, "Correct reference number supplied" in DE 72 (Data Record).

### 1.17.3 Arbitration Case Filing

When two members cannot resolve the validity or compatibility of the ARD, an arbitration case may be filed with MasterCard to resolve the dispute.

# 1.18 Invalid Chargeback, Second Presentment, and Arbitration Chargeback

**NOTE**

**This guide does not address every example of a remedy that a member may take when it believes that another member has incorrectly effected a chargeback, second presentment, or arbitration chargeback. However, a member always may reverse such incorrect processing during the next available processing cycle and must be prepared to prove its claim in arbitration if the other member so proceeds.**

A member that receives an erroneous chargeback, second presentment, or arbitration chargeback must use the next processing cycle, if available, to reverse the message.

For example, an acquirer must process a second presentment if it determines that it received an erroneous chargeback from an issuer; and an issuer must process an arbitration chargeback if it determines that it received an erroneous second presentment from an acquirer.

The member that receives the chargeback, second presentment, or arbitration chargeback may accept it, or process a second presentment or arbitration chargeback, as applicable, if either of these processing cycles is available. If not, the member may file an arbitration case.

# 1.19 Chargeback Information and Documentation Retention Period

Members are required to store chargeback information and supporting documentation for all chargebacks, second presentments, arbitration chargebacks, and arbitration cases. Members do not need to keep these copies after the dispute is resolved or if the time duration for processing disputes has elapsed.

Refer to section 6.5 Transaction Information Document Retention Period for the retention requirements for TIDs.

# 1.20 Miscellaneous Fees and Charges

Members must settle all miscellaneous fees and charges by submitting a Fee Collection/1740 message. This message contains the information that members need to process miscellaneous fees and charges.

## 1.20.1 Function Codes

The function codes used with the Fee Collection/1740 message are as follows.

| Code | Description |
| --- | --- |
| 700 | Collection (or first submission) |
| 780 | Collection Return (or first resubmission) |
| 781 | Collection Resubmission (second submission) |
| 782 | Collection Arbitration Return (final resubmission) |

Refer to the *GCMS Reference Manual* for additional information about the Fee Collection/1740 message.

## 1.20.2 Submitting the Fee Collection/1740 Message

A member that processes a Fee Collection/1740 Message through GCMS must mail any required supporting documentation in accordance with the instructions on the specific ICA form or as specified in this section. The PDS 0137 (Fee Collection Control Number) must be noted clearly on all documentation to allow the receiving member to match the documentation to the applicable message and transaction.

### 1.20.3 Returning and Resubmitting the Fee Collection/1740 Message

The following diagram shows the function codes that members use when submitting a Fee Collection/1740 message.

**Figure 1.2—Submitting the Fee Collection/1740 Message**
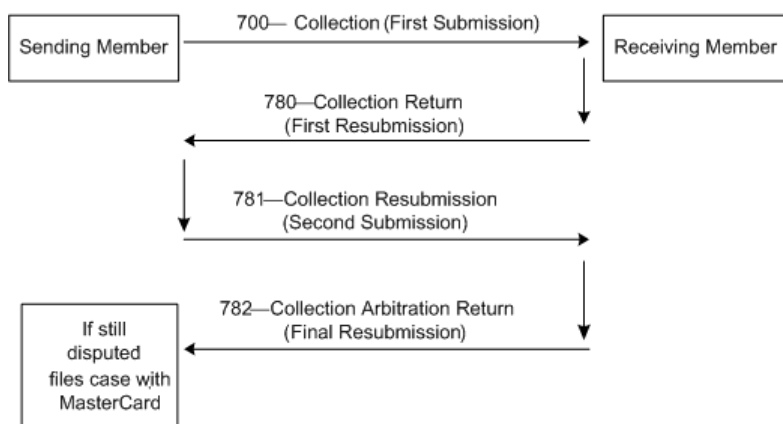


The receiving member may submit a Fee Collection/1740 message within 45 calendar days after receipt of the message through GCMS for any of the following reasons.

DE 72 (Data Record) must indicate one of the following reasons for return:

- Supporting documentation not received (The receiving member must wait 21 calendar days from the date it receives the message through GCMS before returning it for this reason.)
- Misrouted to wrong member
- Past applicable time frame
- The message text was not provided or was incomplete
- Fee charged exceeds amount allowed
- Fee inaccurate because of entry error
- Charged twice for same fee
- Unauthorized fee/charge—receiving member did not approve or agree to accept fee/charge (Applies only to transaction message reason codes for good-faith acceptance [message reason code 7606] and collection letters [message reason code 7607].)
- Improper handling fee (An erroneous or inappropriate progressive handling fee was received. The reason for the return must be given following the required text for the message reason code specified in the *GCMS Reference Manual.*)

If a member returns a fee or charge for any of the above reasons, the member may resubmit it through GCMS within 45 calendar days of receipt of the message, but only if the reason for return has been corrected. For example, the missing documentation or correct amount has to have been supplied. The member should enter an explanation in DE 72.

Any fee or charge that is improperly resubmitted may be returned within 45 calendar days of receipt of the Fee Collection/1740 message. Before returning the message for missing documentation, the receiving member must wait 21 calendar days from the date it receives the message through GCMS. The member should enter an explanation in DE 72.

**No third submission through GCMS will be permitted.** The member may file a compliance case to resolve any remaining unsolved dispute concerning the Fee Collection/1740 message. See Chapter 5, Compliance Procedures of this guide for compliance filing procedures.

**NOTE**

For case filings initiated for a violation of this section, MasterCard does not require pre-compliance.

**The sending member must reverse any Fee Collection/1740 message that is duplicated in error.** To do so, members may enter a value of **R** in PDS 0025 (Message Reversal Indicator), subfield 1 (Message Reversal Indicator).

# 1.21 Correction of Errors

If a member has been unjustly enriched due to an error, the member must reimburse the amount with which it has been enriched to the member or members that have suffered the corresponding loss. This rule applies for all products.

# 1.22 MasterCard Electronic

Except as may be otherwise provided in the MasterCard Electronic Rules, an issuer has the right to charge back an interchange transaction initiated with a MasterCard Electronic card if a MasterCard merchant accepts a MasterCard Electronic card for payment and a dispute arises pertaining to the transaction. The Standards set forth in Chapter 3 of this guide will apply.

M/Chip™ is the MasterCard global payment solution for placing MasterCard®, Maestro® , and Cirrus® transaction functionality on a smart card chip. One of the key benefits of an M/Chip-based MasterCard Electronic card is the ability to avoid inadvertent offline acceptance. M/Chip also helps to reduce counterfeit fraud by providing more robust offline and online card authentication methods (CAMs).

## 1.22.1 Second Presentment Procedures for Inadvertent Acceptance of MasterCard Electronic

Acquirers that have opted out of MasterCard Electronic may process a second presentment indicating in DE 72 (Data Record) that the transaction was authorized and that the acquirer has opted out of participating in MasterCard Electronic.

Europe acquirers that do not have a MasterCard Electronic acquiring license are automatically considered to have opted out of MasterCard Electronic.

The conditions shown below represent remedies or options that the acquirer can use to process a second presentment.

**Table 1.6—Transaction Was Authorized**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
| **Second Presentment Condition** | The acquirer must substantiate that it has opted out of participating in MasterCard Electronic, and that the transaction was authorized. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | NOT MCE AUTH MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 1.7—Transaction Did Not Require Authorization**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
| **Second Presentment Condition** | The acquirer must substantiate that it has opted out of MasterCard Electronic participation, the transaction did not require authorization, and an authorization request was not made. |
| **Supporting Documents** | Confirmation letter from MasterCard that the acquirer opted out of MasterCard Electronic card participation |
| **DE 72 (Data Record)** | NOT MCE |
| **Notes** | None |

## 1.22.2 Arbitration Chargeback Procedures for Inadvertent Acceptance of MasterCard Electronic

If a second presentment failed to remedy the first chargeback, the issuer should process the arbitration chargeback using the appropriate reason code and indicating in DE 72 (Data Record) if a **C** was not present in DE 48 (Additional Data).

**Table 1.8—Arbitration Chargeback for MasterCard Electronic**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | Applicable message reason code |
| **Arbitration Chargeback Details** | For transactions authorized via the Banknet telecommunications network, the issuer determines that **C** is not present in DE 48 (or DE 048) (Additional Data-Private Use) of the Authorization Request/0100 message. |
| **Supporting Documents** | Authorization log reflecting the code contained in DE 48 (or DE 048) (Additional Data—Private Use), subelement 76 (MasterCard Electronic Acceptance Indicator) of the Authorization Request/0100 message |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

# Chapter 2 Merchant Acceptance Procedures and Special Transaction Types

*This chapter explains the merchant acceptance rules and procedures and includes excerpts from the [MasterCard Rules](#) manual.*

# Overview

Every merchant that accepts MasterCard® cards must sign a MasterCard merchant agreement with its acquirer. In signing this agreement, the merchant agrees to certain terms and conditions when accepting these cards as payment for goods or services.

At the same time, the acquirer agrees to accept and pay the merchant for all transactions that have been properly presented in accordance with the merchant agreement.

This chapter sets forth the MasterCard card acceptor standards. Select rules from Chapter 5, Merchants and Sales Transactions, of the *MasterCard Rules* manual are located at the end of this chapter.

| Section | Contains information about |
|---------|---------------------------|
| 2.1 | Acceptance procedures |
| 2.2 | Hotel, motel and resort acceptance information |
| 2.3 | Processing cash disbursements |
| 2.4 | Processing Debit MasterCard purchases with cash back transactions |
| 2.5 | Processing unique transactions |
| 2.6 | Processing Payment Transactions |
| 2.7 | Cardholder-activated Terminal requirements |
| 2.8 | Processing EMV chip data |
| 2.9 | Indemnification |
| 2.10 | Quick Payment Service (QPS) Program |
| 2.11 | Time-share disputes |
| 2.12 | Processing *PayPass* transactions |
| Excerpts from *MasterCard Rules* | Rules that commonly are used in the chargeback and compliance resolution process found in the *MasterCard Rules* |

NOTE

**When filing a compliance case, members must cite the appropriate manual and section number or title.**

# 2.1 Acceptance Procedures

The following sections provide the procedures and requirements for acceptance, authorization, and completion of certain transaction types.

**NOTE**

**Members should cite the appropriate section number when filing compliance cases.**

## 2.1.1 Acceptance Procedures for Purchase Transactions

The following sections contain information and requirements relevant to the acceptance of MasterCard cards for purchase transactions.

### 2.1.1.1 Card Must be Present

A MasterCard card must be presented to the card acceptor for all transactions except in the case of mail orders, phone orders, non–face-to-face unique transactions, non-face-to-face Payment Transactions, e-commerce transactions, and preauthorized orders (also called recurring payments).

### 2.1.1.2 Determine Whether the Card is Valid

**Expiration and Valid Date Formats.** Expiration and valid dates are each expressed as follows:

- When an expiration date is expressed in a month/year format, transactions are valid through and including the last day of the month and year.
- When a valid date is expressed in a month/year format, transactions that occur before the first day of the month and year are invalid.
- When a valid date is expressed in a month/day/year format, transactions that occur before the day, month, and year are invalid.

The card acceptor must complete the following steps to determine whether each card presented is a valid MasterCard card:

1. Check the valid date and the expiration date on the front of the card. If the card is expired or not yet valid, the card acceptor must obtain an authorization from the issuer.
2. Compare the four-digit truncated account number imprinted in the signature panel with the last four digits of the account number on the front of the card.
3. Unless a hybrid terminal is used, compare the account number on the front of the card with the number displayed or printed from the POI terminal.
4. If a photograph of the cardholder is present on the card, compare the photograph on the card with the person presenting the card.
5. Check that the card is signed.
6. For unique transactions processed in a face-to-face environment (with the exception of truck stop transactions and card-read transactions where a non-signature CVM is used), request personal identification of the cardholder in the form of an unexpired, official government document. Compare the signature on the personal identification with the signature on the card.

### 2.1.1.3 Unsigned Cards

If the card is not signed, the card acceptor must

- Obtain an authorization from the issuer

- Ask the cardholder to provide identification (but not record the cardholder identification information)

- Require the cardholder to sign the card

The card acceptor must not complete the transaction if the cardholder refuses to sign the card.

### 2.1.1.4 Suspicious Cards

If the card acceptor believes that there is a discrepancy in the signature, or if the last four digits of the account number on the front of the card do not match the four-digit truncated account number on the signature panel or displayed on the terminal, or if the photographic identification is uncertain, the card acceptor must contact its acquirer for instructions.

If any unexpired MasterCard card does not have a MasterCard hologram or MasterCard HoloMag™, the card acceptor must pick up the card and contact its acquirer's Code Ten operator to advise it of the pick-up and to receive mailing instructions.

## 2.1.2 Obtaining an Authorization

The following sections contain information and requirements relevant to the card acceptor's obtaining of an authorization.

### 2.1.2.1 Treat All Transactions the Same

With respect to securing authorizations of transactions, an acquirer must treat all transactions at a card acceptor location in the same manner.

### 2.1.2.2 Retain the Card While Obtaining Authorization

The card acceptor must use its best efforts, by reasonable and peaceful means, to retain the card while making an authorization request.

### 2.1.2.3 When to Obtain an Authorization

The card acceptor must obtain an authorization from the issuer for:

- All non–face-to-face transactions, regardless of the transaction amount.
- All face-to-face transactions, card-read or key-entered, occurring at locations with a POS device that has both online and magnetic stripe-read capability, regardless of the transaction amount, including:
  - MasterCard® *PayPass*™ Magnetic Stripe transactions.
  - EMV chip-read transactions when required by the EMV chip or EMV chip terminal, including MasterCard *PayPass* M/Chip transactions. (See section 2.1.5 Obtaining an Authorization for Chip-read Transactions for more information about obtaining authorization for chip-read transactions.)
  - All Debit MasterCard purchase with cash back transactions, for the full transaction amount inclusive of DE 4 (Amount, Transaction) and DE 54 (Additional Amounts).
  - All in-flight duty-free transactions.
  - All cash disbursement transactions.
  - Transactions in which the amount exceeds the published floor limit.
  - Transactions in which the card is expired or not yet valid.
  - Transactions in which the card is not signed. (See section 2.1.1.3 Unsigned Cards of these rules for identification requirements and card acceptor procedures.)
  - Transactions in which the card acceptor wants to delay submitting the transaction record.
  - Transactions in which the receipt cannot be imprinted because of a malfunction, although the card is present and embossed.
  - Transactions in which the card acceptor's POS device is unable to read the magnetic stripe or the chip (if one is present) on the card.
  - Transactions in which the account number is listed in the applicable Warning Bulletin.
  - Transactions in which the card acceptor is suspicious of the transaction for any reason.
  - Europe region card acceptors only—The transaction is magnetic stripe-read and the card has a service code of X2X (Positive Online Authorization Required). (The service code is encoded in the magnetic stripe in positions 5.1 through 5.3, in accordance with ISO 7813. Refer to section 3.6 of the *Security Rules and Procedures* manual for more information about service code values.)

An online authorization is not required in the following instances:

- Transactions at a Cardholder Activated Terminal (CAT) 3 device
- EMV chip-read transactions, authorized by the EMV chip, including MasterCard *PayPass* M/Chip transactions. (See section 2.1.5 Obtaining an Authorization for Chip-read Transactions for more information about obtaining authorization for chip-read transactions.)
- POS device failure or telecommunication failure. A POS device failure occurs when the POS device itself is unable to both read the card and accept key-entry of the card data. In case of a POS device failure or telecommunication failure, the published floor limits apply.

- Refund transactions. (Refer to section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction for more information about adjustments and credits for returned merchandise or cancelled services.)

### 2.1.2.4 Reporting a Suspicious Transaction

To report a suspicious transaction, the card acceptor must contact the authorization center, state "This is a Code Ten," and await instructions. Members in regions other than the U.S. region may adopt a term other than "Code Ten" for use when a card acceptor is suspicious, subject to approval by MasterCard.

In all instances, except where the transaction exceeds the applicable floor limit, the card acceptor must inform the authorization center of the reason for the authorization request.

### 2.1.2.5 Pick-Up-Card Response

If a pick-up-card response is received, the card acceptor **must not** complete the transaction.

The card acceptor must retain the card by reasonable and peaceful means and contact the authorization center for further instructions. If a card acceptor is advised by the authorization center to pick up the card or is given other instructions, the card acceptor must use its best efforts, by reasonable and peaceful means, to comply with the instructions. If the authorization center cannot be reached, the card acceptor must retain the card by reasonable and peaceful means until the center can be reached.

## 2.1.3 Obtaining an Authorization for Hotel/Motel, Cruise Line, and Vehicle Rental Transactions

The following sections contain information and requirements that are relevant to the card acceptor's obtaining of authorizations for hotel/motel, cruise line, and vehicle rental transactions.

### 2.1.3.1 Authorization Procedures

Hotel, motel, vehicle rental, and cruise line card acceptors must comply with the authorization procedures outlined in section 2.1.2 Obtaining an Authorization and the requirements set out below.

### 2.1.3.2 Initiating the Transaction

When the transaction is initiated, the card acceptor must request an authorization for an estimated transaction amount if the terminal is online-capable, or if the estimate exceeds the applicable floor limit. The card acceptor also may request an authorization for any additional estimated amounts as needed.

Card acceptors engaging in vehicle rental transactions may not include charges representing either:

- The vehicle insurance deductible amount.

- An amount to cover potential damages when the cardholder waives insurance coverage at the time of the rental.

Vehicle rental card acceptors must disclose to the cardholder at the time of the rental the amount for which the authorization was obtained.

Charges for damages must be processed as a separate transaction. The card acceptor must provide a reasonable estimate of the cost to repair the damages and obtain agreement from the cardholder. If the cardholder chooses to pay for the repairs using his or her MasterCard card, the card acceptor must:

- Prepare a specific sales slip with proof of card presence.

- Provide the estimated amount for repairs indicating that the amount will be adjusted accordingly pursuant to completion of the repairs and submission of the invoice for such repairs.

- Obtain a signature from the cardholder.

The final transaction amount may not exceed the card acceptor's estimated amount by more than 15 percent (or less, as directed by local ordinances). The card acceptor must submit a credit if the final cost of repairs is less than the estimated amount on the sales slip. The card acceptor has 30 days from the date of the subsequent transaction related to damages to submit the item into clearing.

### 2.1.3.3 Completing the Transaction

When the transaction is completed (that is, when customer checks out of the hotel/motel, departs the cruise ship, or returns the vehicle) and the final transaction amount is determined, the following will apply.

| IF… | THEN… |
|---|---|
| The POS terminal is not online-capable and the final transaction amount does not exceed the card acceptor's floor limit[1] | The card acceptor is not required to obtain an authorization, but it must check the account number against the applicable Warning Bulletin. |
| The final transaction amount does not exceed the card acceptor's estimated amount by 15 percent | The card acceptor is not required to request a secondary authorization. The initial authorization guarantees the full amount of the transaction. |

---

1. Refer to Chapter 5 of the *Quick Reference Booklet* for information on Floor Limits.

| IF... | THEN... |
|---|---|
| The final transaction amount exceeds the card acceptor's estimated amount by 15 percent | The card acceptor must request a secondary authorization on the additional amount. |
| The final transaction amount exceeds the card acceptor's applicable floor limit, **but** a previous authorization was not received because the card acceptor's estimate did not exceed its applicable floor limit[1]. | The card acceptor must obtain an authorization for the full amount of the transaction. |

### 2.1.3.4 Subsequent Authorization Requests

Even if the issuer declines a subsequent authorization request, the card acceptor is guaranteed the cumulative amount of previous and subsequent granted authorizations, plus 15 percent.

If a pick-up-card response is received in response to a subsequent authorization request, the card acceptor must pick up the card. The card acceptor is guaranteed the cumulative amount of the subsequent related (previous) and subsequent properly granted authorizations, plus 15 percent.

## 2.1.4 Obtaining an Authorization When a Gratuity is Added

The following sections contain information and requirements relevant to the card acceptor's obtaining of an authorization when a gratuity is added, either before or after the authorization process.

### 2.1.4.1 Authorization Procedures

The following procedures apply to transactions in which the cardholder adds a gratuity.

| IF... | THEN... |
|---|---|
| The POS terminal is not online-capable, the transaction amount is below the card acceptor floor limit, **and** the cardholder adds a gratuity in an amount less than or equal to 20 percent of the transaction amount[2] | The card acceptor **is not** required to obtain an authorization even though the total transaction amount may exceed the card acceptor floor limit. |
| A card acceptor obtained an authorization for a transaction, **and** the cardholder adds a gratuity in an amount greater than 20 percent of the transaction amount | The card acceptor must obtain an authorization for the additional amount. The issuer is responsible for the full amount of the transaction. |

---

2.  Refer to Chapter 5 of the *Quick Reference Booklet* for information on Floor Limits.

| IF… | THEN… |
|---|---|
| The transaction amount is below the card acceptor floor limit **and** the cardholder adds a gratuity in an amount greater than 20 percent of the transaction amount which causes the transaction amount to exceed the card acceptor floor limit[2]. | The card acceptor must obtain an authorization for the total amount of the transaction. |

## 2.1.5 Obtaining an Authorization for Chip-read Transactions

When an authorization from the issuer is required for a chip-read transaction, before completing the transaction the card acceptor must obtain a transaction certificate and related data.

For all non–face-to-face chip-read transactions completed via cardholder-controlled remote devices, the card acceptor must obtain an online authorization and the transaction must be Full Grade. For such transactions, issuers may transmit an Authorization Response Cryptogram (ARPC) with an authorization number instead of the transaction certificate and related data.

Acquirers may process a chip-read transaction that takes place at the offline-only hybrid terminal of a card acceptor with no fixed location (for example, aboard a plane, train or ship) though the terminal's authorization request is declined, if **all** the following conditions are satisfied:

1. The terminal is an EMV-capable hybrid terminal with no online capability, which does not perform fallback procedures from chip to magnetic stripe.
2. The terminal prompted for PIN as the cardholder verification method (CVM) and the chip provided offline verification of the PIN entered by the cardholder.
3. The terminal recommended transaction approval.
4. The chip card declined the offline authorization request.
5. The card acceptor is properly identified under one of the following card acceptor business codes (MCCs):
   a. MCC 4111 (Transportation—Suburban and Local Commuter Passenger, including Ferries)
   b. MCC 4112 (Passenger Railways)
   c. MCC 5309 (Duty Free Stores)
6. The acquirer must provide in the First Presentment/1240 message:
   a. The value of F (Offline Chip) in DE 22 (Point of Service Entry Mode), subfield 7 (Card Data Input Mode).
   b. The Application Authentication Cryptogram (AAC) in DE 55 (Integrated Circuit Card [ICC] System-Related Data).

The acquirer processes such declined transactions at the risk of receiving authorization-related chargebacks.

For more information about chip card processing, refer to the *M/Chip Requirements* manual.

## 2.1.6 Completing the Transaction Information Document (TID)

The following sections contain information and requirements relevant to the completion of the Transaction Information Document (TID).

### 2.1.6.1 Include All Goods on One TID

All goods and services purchased in the same transaction must be included on a single TID.

### 2.1.6.2 TID Information Requirements

The information in section 2.1.6.2.1 A Description of the Goods through 2.1.6.2.7 Cardholder Identification must be included on the TID.

### 2.1.6.2.1 A Description of the Goods

A description of the goods and services and their price, including applicable taxes, must be entered on the TID in detail sufficient to identify the transaction. If no currency is identified on the TID, the transaction is deemed to have taken place in the currency that is legal tender at the point of interaction.

In the Europe region, an electronically-generated terminal receipt may show the transaction amount in the transaction currency and a maximum of one different currency. The transaction amount in a different currency must be printed at the bottom of the receipt with a clear indication that it is being provided only for information purposes.

If the card acceptor offers multiple currencies, the TID (or receipt page that can be printed by the cardholder in the case of an electronic commerce transaction) must reflect **all** of the following information:

- The transaction amount in the merchant's local currency (the goods or services total)
- The converted transaction amount in the currency chosen and agreed to by the cardholder and the merchant (the sale total)
- The currency symbol or code of each
- The method agreed to by the cardholder was converted from the amount in the merchant's local currency (for example, conversion rate). **Either of the following statements:**
  - "I have chosen not to use the MasterCard currency conversion process and I will have no recourse against MasterCard concerning the currency conversion or its disclosure."
  - "I understand that MasterCard has a currency conversion process and that I have chosen not to use the MasterCard Currency conversion process and I will have no recourse against MasterCard with respect to any matter related to the currency conversion or disclosure thereof."

### 2.1.6.2.2 The Transaction Date

The transaction date must be entered on the TID.

### 2.1.6.2.3 An Imprint of the Card or Electronically Derived Card Information

A legible imprint of the card must be made on the TID, or the card acceptor may electronically record the customer's card information and the card acceptor location.

If a cardholder presents an unembossed card, the card acceptor must record the customer card information electronically, along with the card acceptor location. Transactions based on mail orders, telephone orders, preauthorized orders (also called recurring payments), electronic commerce orders, MasterCard Guaranteed Reservations and Advanced Resort Deposits may be completed without a card imprint or electronically derived card information.

### 2.1.6.2.4 The Authorization Number

If an authorization is obtained from the issuer, the authorization number must be entered on the TID, unless the transaction is an offline chip-read transaction. If more than one authorization is obtained over the course of the transaction (as may occur for hotel, motel, or vehicle rental transactions), all authorization numbers, the amounts authorized, and the date of each authorization must be entered on the TID.

### 2.1.6.2.5 The Primary Account Number

The primary account number (PAN) must be truncated on all cardholder-activated terminal Transaction Information Documents (TIDs). PAN truncation is permitted on any other TID type. The Corporation strongly recommends that only the last four (4) digits of the PAN be printed on the cardholder receipt, replacing all preceding digits with fill characters that are neither blank spaces or numeric characters, such as **X**, **\***, or **#**.

The cardholder TID generated by newly installed, replaced, or relocated POI terminals, whether attended or unattended, must reflect only the last four (4) digits of the PAN. All preceding digits must be replaced with fill characters that are neither blank spaces or numeric characters, such as **X**, **\***, or **#**. The term "Corporation" as used in this guide has the meaning set forth in the Definitions section of the *MasterCard Rules* manual.

### 2.1.6.2.6 Delayed Presentment

When the card acceptor receives approval for delayed presentment, the authorization number and the words "Delayed Presentment" must be noted legibly on the TID. Refer to Rule 5.7.2 in "Information from the MasterCard Rules Manual" for more information about delayed presentment.

### 2.1.6.2.7 Cardholder Identification

For unique transactions processed in a face-to-face environment (with the exception of truck stop transactions and card-read transactions where a non-signature CVM is used), the card acceptor must record on the TID a description of the unexpired, official government document provided as identification by the cardholder, including any serial number, expiration date, jurisdiction of issue, customer name (if not the same name as present on the card), and customer address.

### 2.1.6.2.8 The Transaction Certificate

The transaction certificate is not required on the TID. However, if the acquirer elects to record the transaction certificate on the TID, the card acceptor must enter the complete transaction certificate on the TID.

### 2.1.6.2.9 Prohibited Information

The TID or any other document must not reflect the following information:

- The PIN, any part of the PIN, or any fill characters representing the PIN

- The card validation code 2 (CVC 2), which is indent-printed on the signature panel of the card

MasterCard prohibits the recording of PIN data and CVC 2 data in any manner for any purpose.

## 2.1.6.3 Obtain the Cardholder's Signature

In a face-to-face environment, the card acceptor must give the cardholder the option of a signature-based transaction. Unless the cardholder uses a PIN, the cardholder must sign the TID.

### 2.1.6.3.1 Compare Signatures

Unless the cardholder uses a PIN, the card acceptor must compare the signature on the TID with the signature on the card to determine whether they appear to be the same.

### 2.1.6.3.2 Discrepancy Between Signatures

If the card acceptor believes that the signature on the card does not match the signature on the TID, the card acceptor must contact the acquirer for instructions. The signature would not match if the signature panel were signed "Jan H. Hanley" and the sales receipt "Bob Hanley" or "F. Hanley." The signature would be acceptable if signed "Jan H. Hanley," "J. H. Hanley" or "Jan Hanley." The signature would be acceptable if a title such as Mr., Mrs., or Dr. is missing or is included.

### 2.1.6.3.3 Signature Not Required

Transactions based on mail orders, telephone orders, preauthorized orders (also called recurring payments), electronic commerce orders, MasterCard Guaranteed Reservations, Advanced Resort Deposits, and Express Checkouts may be completed without the cardholder's signature. The card acceptor must type or legibly print on the signature line of the TID the letters **MO**, **TO**, **PO**, **EC**, **Guaranteed Reservation/No Show**, **Advance Deposit**, or **Signature on File—Express Check-out**, as appropriate. The card acceptor must retain and make available to the acquirer upon request the cardholder's written request to the card acceptor for preauthorization. The card acceptor must not deliver goods or perform services covered by a preauthorization after receiving notification that the preauthorization is canceled or that the MasterCard card covered by the preauthorization is not to be honored.

### 2.1.6.3.4 PIN as Substitute for Signature

At points of interaction where MasterCard authorizes the use of a PIN as a cardholder verification method (CVM), the card acceptor is not required to obtain the cardholder's signature if the cardholder uses a PIN.

The card acceptor must obtain a successful PIN validation when a PIN is used at a hybrid terminal as a CVM for credit transactions.

## 2.1.6.4 Give the Cardholder a Copy of the Receipt

The card acceptor must provide the cardholder with a true and completed copy of the TID.

# 2.1.7 Multiple TIDs and Partial Payment

The following sections provide information on multiple Transaction Information Documents (TIDs) and partial payment.

## 2.1.7.1 Split Tickets are Prohibited

A card acceptor is prohibited from using two or more TIDs, also known as a split ticket, to avoid an authorization request.

## 2.1.7.2 Include All Goods on a Single TID

All goods and services purchased in a single transaction must be included in one total amount on a single TID provided in the following subsections.

### 2.1.7.2.1 Multiple Cards are Presented

More than one card may be presented for payment on a single transaction and an authorization is obtained for the portion of the transaction charged to a MasterCard card.

### 2.1.7.2.2 Multiple Items are Billed

Multiple items may be purchased and individually billed to the same account, and an authorization is obtained for each item purchased.

### 2.1.7.2.3 Partial Payment

A card acceptor is prohibited from effecting a MasterCard card transaction where only a part of the total amount is included on a single TID except in the following instances:

- When the cardholder bills a portion of the transaction amount to a MasterCard card and pays the remaining balance by cash or check.

- When the goods or services will be delivered or performed after the transaction date, one TID represents a deposit, and the second TID represents payment of the balance. The second TID is contingent on the delivery or performance of the goods or services.

An authorization must be obtained for the total amount of the transaction if it exceeds the applicable floor limit. The card acceptor must note on the TIDs the words "deposit" or "balance," as appropriate. The TID representing the balance must not be presented until the goods or services are delivered or performed.

For example, if a chargeback right is not available, section 2.1.7, Multiple TIDS and Partial Payment, will address situations where the cardholder has paid a "deposit" for merchandise that was agreed to be picked up at the card acceptor's location by the cardholder. The cardholder then goes to the card acceptor location and discovers that the merchant is bankrupt or out of business and the cardholder is unable to receive the merchandise.

**NOTE**

**This example is provided for illustration only and is not to be cited as an excerpt from section 2.1.7 of the *Chargeback Guide*.**

## 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction

The following sections provide information on returned merchandise, adjustments, credits, and other specific terms of a transaction.

### 2.1.8.1 Card Acceptor Disclosure of Specific Transaction Terms

The card acceptor may impose specific terms governing a transaction. In the event of a dispute, and subject to compliance with other Standards, such specific terms shall be given effect, provided that such specific terms were disclosed to and accepted by the cardholder before completion of the transaction. The card acceptor may impose specific transaction terms by, for example, printing the specific terms on the invoice or TID in close proximity to the cardholder signature line before presenting the invoice or TID to the cardholder for signature. Specific transaction terms also may be disclosed by other means, such as by signage or literature, provided the disclosure is sufficiently prominent and clear so that a reasonable person would be aware of and understand the disclosure before the transaction is completed.

Specific transaction terms may include, for example, such words as "Exchange Only," "In-Store Credit Only," or "Original Packaging Required for Returns." Specific terms may address such matters as late delivery, delivery charges, or insurance charges.

### 2.1.8.2 Returned Merchandise and Canceled Services

A card acceptor is not required to accept returned merchandise or the cancellation of services unless a right of return or cancellation was a condition of the transaction. If the card acceptor agrees to accept merchandise for return or to cancel services, the card acceptor must credit the same account used to purchase the merchandise or service.

If the merchandise or service is purchased with a MasterCard card, upon a partial or entire return of merchandise or cancellation of service, or if the card acceptor agrees to a price adjustment, the card acceptor may not provide a full or partial refund or adjustment by cash or check or by any means other than by a credit to the card account used to purchase the merchandise or service. The cardholder must be provided a copy of the credit receipt.

A cash or check refund is permitted for involuntary refunds by airlines or other carriers or card acceptors only when required by law.

#### 2.1.8.2.1 Credit Receipt Requirements

The credit receipt must contain the following information:

- The date.
- A description of the returned merchandise, canceled services, or adjustment made.
- The amount of the credit.
- The card acceptor's signature.

## 2.1.9 Charges for Loss, Theft, or Damage

A charge for loss, theft, or damage must be processed as a separate transaction from the underlying rental, lodging, or similar transaction. The cardholder must authorize the charge after being informed of the loss, theft, or damage.

## 2.1.10 Acceptance Requirements at Hybrid Terminals

For all chip-read transactions, the card acceptor's hybrid terminal must

- Display to the cardholder all mutually supported application labels or preferred names. Multiple matching applications must be displayed in the issuer's priority sequence.
- Allow the cardholder to select the application to be used when multiple matching applications exist.
- Display to the cardholder the transaction amount.

## 2.1.11 Currency Conversion

At the card acceptor's option, a card acceptor may offer currency conversion at the POI. If the card acceptor offers currency conversion at the POI, the card acceptor must:

- Before initiation of the transaction, (i) clearly and conspicuously inform the cardholder that the cardholder has the right to choose the method of currency conversion to be applied to the transaction (for example, by the card acceptor or by the Corporation); and (ii) obtain the cardholder's choice of currency conversion method; and
- If the cardholder chooses the option of currency conversion by the card acceptor, clearly and conspicuously inform the cardholder of the same elements that are set forth in section 2.1.6.2.1 A Description of the Goods , and obtain the cardholder's consent to those elements before completion of the transaction.

Please refer to section 2.1.6.2.1 A Description of the Goods, "A Description of the Goods" for the transaction receipt requirements applicable in cases of currency conversion by the card acceptor.

No specific currency conversion method may be implemented as the default option. As an exception to the preceding requirement, when POI currency conversion is offered on the Internet a currency conversion option may be pre-selected.

If the cardholder chooses currency conversion by the Corporation, the card acceptor, must present the transaction for clearing in the currency in which goods, services, or both, were priced (for a sale of goods or services) or in the currency that was dispensed to the cardholder (for cash disbursement transactions).

The same currency conversion method must be used for a refund as was used for the corresponding purchase.

### 2.1.12 Debit MasterCard Purchase with Cash Back Transactions

A purchase with cash back transaction is a transaction arising from the use of a Debit MasterCard card but not any other MasterCard card. A purchase with cash back transaction is an optional service that a merchant may offer, with the prior approval of its acquirer, at the point of sale in a card-present, face-to-face environment only. A purchase with cash back transaction is not a cash disbursement. Refer to the *MasterCard Rules* manual for Standards regarding cash disbursements.

Purchase with cash back transactions may be effected only in a card-present, face-to-face environment. Except for intracountry transactions conducted in India, acquirers and merchants must ensure that cash is provided **only** when combined with a purchase transaction. For intracountry transactions conducted in India, merchants may offer cash back to a cardholder with or without an accompanying purchase transaction. Refer to chapter 11 of the *MasterCard Rules* for additional information regarding intracountry transactions conducted in India.

The purchase, cash back, and total transaction components of the purchase with cash back transaction must be in the same currency.

Acquirers and merchants that choose to provide purchase with cash back transactions first must establish an education program for retail employee staff, including but not limited to POS terminal operators. Merchants must comply with the authorization procedures set forth in section 2.1.2 Obtaining an Authorization of this guide.

Acquirers or merchants may establish a minimum and maximum cash back amount of the purchase with cash back transaction, provided that:

• Any such minimum or maximum amount is applied uniformly to all cardholders.

• A minimum amount is not greater than and the maximum amount is not less than the minimum and maximum amounts established for any other payment means at the merchant location.

In the **Europe region**, the maximum cash back amount must be EUR 100 or the equivalent in local currency, except in the United Kingdom, where the maximum cash back amount is GBP 100. For intracountry purchase with cash back transactions conducted in India, the maximum daily cash back amount shall be in accordance with applicable law including circulars published by the Reserve Bank of India. In all other regions, the maximum amount of cash back provided in a Debit MasterCard card transaction must be USD 100 or the equivalent in local currency.

## 2.2 Hotel, Motel, and Resort Acceptance Information

The following sections provide acceptance information for MasterCard Guaranteed Reservations, Express Checkout, and Advance Resort Deposit services.

NOTE_____

**Members should cite the appropriate section number when filing compliance cases.**

## 2.2.1 MasterCard Guaranteed Reservations

If a hotel, motel, or resort is participating in the MasterCard Guaranteed Reservations service for all MasterCard cardholders, the hotel, motel, or resort is obligated to have a room available when the MasterCard cardholder arrives (until checkout time the next day). The cardholder is obligated to cancel a confirmed reservation before 18:00 at the hotel, motel, or resort (card acceptor's local time). If the cardholder fails to cancel the confirmed reservation, the hotel, motel, or resort can charge the cardholder a no-show charge equal to one night's lodging.

The following procedure will prevail:

1. A MasterCard cardholder contacts a participating hotel, motel, or resort and requests to guarantee a room with his or her MasterCard card, the reservation clerk explains the terms of the MasterCard Guaranteed Reservations service, specifically including the fact that an authorization will be performed at the time of arrival and the cancellation procedure that the cardholder must follow to avoid being charged a no-show charge equal to one night's lodging.

2. The clerk records the cardholder's account number, card expiration date, name present on the card, and address; confirms the room rate and location; issues the cardholder a reservation confirmation number; and advises the cardholder to retain it. MasterCard recommends that the hotel, motel, or resort also confirms the guaranteed reservation in writing, advising the cardholder of his or her confirmation number and cancellation procedures.

3. If a cardholder who has guaranteed his or her reservation by use of his or her MasterCard card contacts the hotel, motel, or resort to cancel the reservation within the agreed upon period, then the hotel, motel, or resort is obligated to cancel the guaranteed reservation and issue the cardholder a cancellation number that verifies that the reservation has been canceled. The cardholder should be advised to retain the cancellation number. MasterCard also recommends that the hotel, motel, or resort confirm the cancellation in writing, advising the cardholder of the cancellation number.

4. A cardholder who has guaranteed a reservation by use of his or her MasterCard card arrives within the specified period (until checkout time the next day), the hotel, motel, or resort is obligated to provide a room.
   If the hotel, motel, or resort is unable to provide a room, then the hotel, motel, or resort is obligated to provide at no additional charge a comparable room for one night, transportation to the other lodging, and a three-minute domestic or long distance phone call, whichever the cardholder deems necessary to advise of a change of location.

5. Before the cardholder's expected arrival, the hotel, motel, or resort shall prepare a registration card and assign a room number on that card.

6. If the cardholder does not cancel and does not stay at the hotel, motel, or resort, then the hotel, motel, or resort may bill the cardholder for one night's room rate. The following procedure should be followed:

    a. The hotel, motel, or resort completes a TID filling in the cardholder's name, MasterCard account number, card expiration date, date of no show, assigned room number and card acceptor identification, and writes the words "guaranteed reservation/no-show" in place of the cardholder's signature.

    b. The hotel, motel, or resort follows its usual authorization procedures.

    c. Assuming the account is not listed in the Warning Bulletin, and authorization has been provided or the transaction does not require authorization, the card acceptor deposits the no-show charge in the usual manner. No special deposit requirements are imposed on the card acceptor.

    d. The actual no-show registration card, reflecting the assigned room number, shall be retained six months from the date that the TID is deposited.

7. Where the account number used to guarantee the reservation results in a no-show that was unidentifiable to a specific issuer or was fictitious, the bearer of the liability will be the acquirer.

8. MasterCard reserves the right to prevent the acquirer from allowing a specific hotel, motel, or resort to participate in the MasterCard Guaranteed Reservations service where in the opinion of MasterCard management, the hotel, motel, or resort has abused the privilege.

## 2.2.2 Express Checkout

If a card acceptor is participating in the Express Checkout service for all MasterCard cards, the card acceptor must:

1. At the time of check-in, inquire whether the MasterCard cardholder would like to use the Express Checkout service or routinely provide the necessary form (Express Checkout Authorization Form) in its "welcome package."

2. Have the MasterCard cardholder complete and sign the Express Checkout Authorization Form. MasterCard recommends that the Express Checkout Authorization Form minimally include the name, address, and phone number of the hotel, motel, or resort, and space for the cardholder's name, address, room number, cardholder signature, and account number. Additionally, the account number may be imprinted on the form. The form should state clearly that the cardholder directs the hotel, motel, or resort to charge his or her MasterCard account number for his or her bill and process his or her MasterCard TID without a cardholder signature.

3. Imprint a TID with the cardholder's MasterCard account number and follow its normal authorization procedures.

4. On the cardholder's departure the card acceptor must complete the TID using the checkout date as the transaction date, indicating the total amount of the bill and print legibly in the space allotted for the customer's signature the words "signature on file—express checkout."

5. Process the TID in the usual manner. There are no special deposit requirements imposed on the card acceptor.

6. Mail a copy of the itemized bill, TID, and the Express Checkout Authorization Form to the cardholder at the address noted on the authorization form within three business days of the date the cardholder checked out.

7.  Retain and make available to MasterCard and the issuer all pertinent records pertaining to the itemized bill and authorization requests in the event of a dispute.

## 2.2.3 Advance Resort Deposit

If a hotel, motel, or resort is participating in the Advance Resort Deposit service for all MasterCard cards, the following procedures apply:

1.  If a MasterCard cardholder contacts a participating card acceptor or travel agent and requests an advance deposit with his or her MasterCard card, the reservation clerk explains the terms of the reservation, cancellation, and refund policies to the cardholder.

2.  The reservation clerk takes the cardholder's account number, card expiration date, name, and address and confirms the room rate and location.

3.  The reservation clerk is required to confirm the status of the card. The reservation clerk must follow its normal authorization procedures for a non-face-to-face transaction. If the result of the authorization call is denial, the reservation clerk must so advise the cardholder.

4.  The reservation clerk completes a TID filling in the cardholder's name, MasterCard account number, card expiration date, reservation confirmation number, and MasterCard card acceptor identification and writes the words "advance deposit" in place of the cardholder's signature. MasterCard recommends that the card acceptor note on the TID any special terms and conditions regarding its refund policy.

5.  The card acceptor mails a letter of confirmation, a copy of the TID (including the reservation confirmation number) and information concerning its cancellation and refund policies to the cardholder at the address previously provided.

6.  The card acceptor deposits the TID for the advance deposit in the usual manner. No special deposit requirements are imposed on the card acceptor.

7.  If a cardholder cancels his or her reservation in accordance with the agreed upon procedures, the hotel, motel, or resort is obligated to cancel the reservation and issue a credit to the cardholder.

8.  If the transaction results in a dispute, and if the account number used to make the deposit is unidentifiable as to a specific issuer or was fictitious, the bearer of the liability will be the acquirer. Where the transaction is identifiable to a specific issuer but is not identifiable to a specific account number within that institution, the bearer of the liability will be the acquirer.

# 2.3 Processing Cash Disbursements

Only members and their authorized agents may disburse cash disbursements, as stated in Rule 8.1 of the *MasterCard Rules* manual.

An interchange cash disbursement shall not be made, and no authorization shall be requested, if a card is not presented or if the card presented has expired.

**NOTE**

**For more information on discounts and service charges, refer to Rule 8.4 of the *MasterCard Rules* manual.**

## 2.3.1 Procedures for Completing the Cash Disbursement Transaction

Transactions that occur at the member's facilities or through an authorized agent for cash or quasi cash shall be processed as follows:

1. Include on a single cash disbursement TID all cash being disbursed in the same transaction. Enter on the cash disbursement TID the amount of the cash disbursement in local currency (excluding any applicable taxes or other charges) as the total.

2. Enter on the cash disbursement TID the date of the transaction.

3. If the cardholder presents

   – An unembossed card, the card acceptor must obtain an authorization on a card-read transaction.

   – An embossed card, but the clerk cannot obtain authorization on a card-read transaction, the clerk must imprint legibly on the cash disbursement TID the embossed data from the customer's card and from the plate on the imprinter.

4. Obtain the Cardholder Verification Method (CVM) or the signature of the customer on the cash disbursement TID.

5. Compare the first four digits of the account number with the four digits printed below the account number.

| IF the four digits of the account number are… | THEN… |
|---|---|
| The **same** numbers in the same sequence as the four digits printed below the account number | Before completing the transaction, record the four printed digits on the cash disbursement TID in the space provided. |
| **Not the same** numbers in the same sequence as the four digits printed below the account number | Do not complete the transaction. Notify the authorization center. |

6. Except for card-read transactions where a non-signature CVM is used, request a personal identification of the cardholder. The identification must be an official government-issued document (such as, a passport, identification document, or driver's license) that
   a. Bears **one** of the following:
      i. The cardholder's signature
      ii. The cardholder's photograph
      iii. The cardholder's signature and photograph
   b. If an expiration date is indicated on the document, that document must not be expired.
7. Acquirers should ensure that their card acceptors shall, to the extent allowed by applicable law, record on the face of the TID
   a. A description of the identification
   b. The jurisdiction of issue
   c. The unique identification number (such as identification card number, passport number, or driver's license number)
   d. The name of the cardholder (if different than the name present on the card or if no name appears on the card)
8. Except for card-read transactions where a non-signature CVM is used, compare the signature on the cash disbursement TID with the signature on the card and identification presented (if the bearer's signature is on the document). Ascertain that they appear to be the same. If the card, identification, or both bear a photograph of the cardholder, check that the cardholder and the person presenting the card appear to be the same person.
9. An authorization must be obtained for each cash disbursement. Type or legibly print on the cash disbursement TID the authorization approval code evidencing any authorization obtained.
10. Provide the customer with a completed copy of the cash disbursement TID.

## 2.3.2 When to Notify the Authorization Center

The card acceptor shall notify the authorization center if **any** of the following conditions exist:
- A card is not imprinted on a cash disbursement TID, except when there is an approved card-read transaction.
- The signature of the customer does not appear to be the same as the signature on the identification or the card.
- The customer does not resemble a picture on a card or on any identification.
- The first four digits of the account number are not the same as the four digits printed below the account number.
- The card acceptor is, for any reason, suspicious of the transaction.

Each member shall use its best efforts, by reasonable and peaceful means, to retain cards while making an authorization request. If, in response to an authorization request, the member requesting authorization is instructed to obtain or to hold onto a card or is given other instructions, it shall use its best efforts, by reasonable and peaceful means, to comply with such instructions.

### 2.3.3 Completing the Cash Disbursement Transaction at a POI Terminal at a Member Institution or at its Authorized Agent Location

Transaction processing at cash disbursement locations occurs via a point-of-interaction (POI) terminal. If the account number on the card does not exactly match the account number printed on the terminal receipt or displayed on the terminal, the member or its authorized agents must take the following actions, as applicable:

- Decline the transaction.
- Attempt to retain the card by reasonable and peaceful means.
- Note the physical description of the cardholder.
- Immediately contact the acquirer. The acquirer, in turn, must immediately notify the issuers of both the account number present on the card and the encoded account numbers.

These requirements do not apply to members or their authorized agents using terminals that have been programmed to require the member or their authorized agent to key enter the account number or a specified number of digits from the account number. These terminals report an invalid comparison between key-entered account data and the card-read account number data. Generally, the terminals do not display the card-read account number. Therefore, the clerk is unable to identify the card issuer from the encoded number on the card. However, the acquirer must notify the issuer of the account number present on the card.

## 2.4 Processing Debit MasterCard Purchase with Cash Back Transactions

A merchant may provide cash back to a cardholder that purchases goods or services with a Debit MasterCard Card only in a card-present face-to-face environment. For intracountry, card-present, face-to-face transactions conducted in India, a merchant that has received approval from its acquirer may offer cash back to a cardholder with or without an accompanying purchase transaction. Refer to chapter 11 of the *MasterCard Rules* for additional information regarding intracountry transactions conducted in India.

### 2.4.1 Acquirer Obligations

Following are the acquirer obligations:

1. Each acquirer is responsible for ensuring that the correct transaction type code is used in the transmission of information on transactions generated by its card acceptors.he acquirer must submit purchase with cash back DE 3 (Processing Code), subfield 1 (Cardholder Transaction Type), value of **09**—purchase with cash back.

2. The purchase amount and cash back amount must each be in the same currency.

3.  The total transaction amount (inclusive of the purchase amount and cash back amount) must be transmitted in DE 4 (Amount, Transaction).

4.  The cash back amount must be transmitted in DE 54 (Amounts, Additional).

Parts one and four of this section 2.4.1 do not apply to Debit MasterCard purchase with cash back transactions taking place in Denmark or Finland until 1 January 2011.

# 2.5 Processing Unique Transactions

This section describes the following information specific to processing unique transactions:

*   Acquirer and card acceptor obligations and rules

*   Card acceptor business/merchant category codes (MCCs)

*   Indemnification guidelines

## 2.5.1 Acquirer Obligations

Each acquirer is responsible for using the proper Cardholder Transaction Type code in the transmission of information about transactions generated by its card acceptors.

When a purchase or cash disbursement transaction is not clearly appropriate, the acquirer must use the unique Cardholder Transaction Type code "U" and the specified four-digit card acceptor business code, as specifically defined in the following section.

| For a... | DE 3 (Processing Code), subfield 1 (Cardholder Transaction Type) equals... |
| --- | --- |
| Purchase transaction | 00 |
| Cash disbursement transaction | 12 |
| Unique transaction | 18 |

NOTE

**Acquirers may not submit a Payment Transaction as a unique transaction. Instead, acquirers must submit as Payment Transactions (DE 3 [Processing Code], subfield 1 [Cardholder Transaction Type] with a value of 28) and use the specified four-digit card acceptor business code as defined under section 2.6 in this guide.**

MasterCard, at its discretion, may monitor member and card acceptor compliance with the provisions set forth under "Indemnification" later in this chapter.

Except as specifically allowed in section 2.5.1 Acquirer Obligations, the MasterCard policy against surcharges applies to unique transactions.

## 2.5.2 Unique Transaction Identification Requirements

Acquirers must properly identify all unique transactions in all authorization and clearing messages. In addition, acquirers must ensure that electronic commerce transactions are properly identified in the authorization and clearing messages as defined in the *IPM Clearing Formats* manual and in the *Customer Interface Specification* manual.

The following types of transactions are defined as unique transactions. They must be processed as indicated below, using the specific card acceptor MCCs assigned.

- **Money Transfer—Merchant (MCC 4829)**

  This is a transaction in which funds are delivered or made available to a person or persons other than the MasterCard cardholder initiating the money transfer, at a location other than the location at which the money transfer is initiated. These transactions include non–face-to-face transactions, such as those facilitated through the Internet.

  Any fee charged, whether or not it is included in the total transaction amount, must be clearly disclosed to the cardholder before the transaction is completed. Members must include the identity and location of the money transfer agent that accepts the card and effects the transaction in the card acceptor descriptor record as the site where the transaction was effected.

- **Quasi Cash—Member Financial Institution (MCC 6050)**

  This type of transaction identifies the purchase, with a MasterCard card, of travelers cheques, foreign currency, money orders, precious metals, or savings bonds at a member financial institution. This MCC also identifies transactions in which a member financial institution accepts a MasterCard card in direct payment of an existing debt, such as a private label card or vehicle loan.

  Any fee charged, whether or not it is included in the total transaction amount, must be disclosed clearly to the cardholder before completing the transaction. This MCC must be used for non–face-to-face transactions, such as those facilitated through the Internet.

- **Quasi Cash—Merchant (MCC 6051)**

  This type of transaction identifies the purchase, with a MasterCard card, of travelers cheques, foreign currency, or money orders, or the use of a MasterCard card to open a deposit account, at a location other than a member financial institution. This MCC also identifies transactions in which a merchant accepts a MasterCard card for payment of an existing debt, such as a private label card or vehicle loan.

  MCC 6051 may not be used to identify any sale other than as described, including, by way of example and not limitation: gambling transactions (MCC 7995 must be used), the sale of any prescription drug (MCC 5122 or MCC 5912 must be used), or the sale of any tobacco product (MCC 5993 must be used).

  Any fee charged and included in the total transaction amount must be clearly disclosed to the cardholder before the transaction is completed.

- **Remote Stored Value Load—Member Financial Institution (MCC 6529)**

  This type of transaction is a non-face-to-face sale (excluding ATM transactions) of electronic value or the funding of a deposit account at a member financial institution by means of a MasterCard card.

  Any fee charged, whether or not it is included in the total transaction amount, must be disclosed clearly to the cardholder before the transaction is completed. Card acceptors must refund any unused electronic value to the cardholders by crediting their MasterCard card accounts.

- **Remote Stored Value Load—Merchant (MCC 6530)**

  This type of transaction is a non-face-to-face sale (excluding ATM transactions) of electronic value or the funding of a deposit account at a location other than a member financial institution by means of a MasterCard card.

  MCC 6530 may not be used to identify any sale other than as described, including, by way of example and not limitation: gambling transactions (MCC 7995 must be used), videotext transactions (MCC 5967 must be used), the sale of any prescription drug (MCC 5122 or MCC 5912 must be used), or the sale of any tobacco product (MCC 5993 must be used).

  Any fee charged and included in the total transaction amount must be clearly disclosed to the cardholder before the transaction is completed.

- **Money Transfer—Member Financial Institution (MCC 6534)**

  This type of transaction is a transaction in which funds are delivered or made available to a person or persons other than the MasterCard cardholder initiating the money transfer, at a location other than the member location at which the money transfer is initiated. These transactions include non–face-to-face transactions, such as those facilitated through the Internet.

  Any fee charged, whether or not it is included in the total transaction amount, must be disclosed clearly to the cardholder before the transaction is completed.

- **Truck Stop Transactions (MCC 7511)**

  This type of transaction is any transaction, other than an ATM transaction, that occurs at the fuel desk of a truck stop, weigh station, public scale, or port of entry.

  Any fee charged, and included in the total transaction amount, must be clearly disclosed to the cardholder before the transaction is completed. Truck stop transactions must be conducted face-to-face.

- **Gambling Transactions (MCC 7995)**

  Any transaction, other than an ATM transaction or PIN-based in-branch Terminal transaction, involving the placing of a wager, the purchase of a lottery ticket, in-flight commerce gaming, or the purchase of chips or other value usable for gambling in conjunction with gambling activities provided by wagering or betting establishments such as casinos, racetracks, jai alai frontons, card parlors, airlines, and the like.

  Any fee charged in connection with such gaming transactions must be clearly disclosed to the cardholder in advance of completing the transaction and included in the total transaction amount. Such a fee may not be charged for in-flight commerce gaming transactions.

Acquirers must identify all such gambling transactions with card acceptor business code 7995 so that issuers are fully aware of the nature of these transactions. Acquirers must process face-to-face gambling transactions in accordance with section 2.5.4 Processing Procedures for Gambling Transactions and 2.5.5 Applicability of Standards.

## 2.5.3 Completing the Unique Transaction at a POI Terminal

At card acceptor locations processing unique transactions via a POI terminal, if the account number on the front of the card does not exactly match the account number printed on the terminal receipt or displayed on the terminal, the card acceptor must follow the actions detailed under section 2.3.3 Completing the Cash Disbursement Transaction at a POI Terminal at a Member Institution or at its Authorized Agent Location.

## 2.5.4 Processing Procedures for Gambling Transactions

Acquirers must incorporate the following requirement into all merchant agreements with gambling merchants and ensure compliance therewith:

- Internet gambling merchant must request that cardholders identify the state or foreign country where they are physically located at the time of the transaction. They must record the response and retain it, along with the cardholder's account number, the transaction amount, and the date. The merchant must retain this information for a minimum of one year from the transaction date and provide it to the acquirer on request.

- As a condition of having a merchant account with a MasterCard acquirer, Internet gambling merchants must post a notice on their Web sites (in a position such that the notice will be displayed before requesting a MasterCard account number, such as a click-through notice) stating that assertions have been made that Internet gambling may not be lawful in some jurisdictions, including the United States, and suggesting that the cardholder check whether Internet gambling is lawful under applicable law.

- Internet gambling merchants must not sell chips or other value that can be used, directly or indirectly, to gamble at locations other than at those merchants the card acceptor wholly owns.

- A merchant must not credit winnings, unspent chips, or other value usable for gambling to a MasterCard cardholder account. Refer to section 2.6.3 Gaming Payment Transactions (Europe Region Only) of this guide for rules applicable to use of the Gaming Payment Transaction to transfer winnings or unspent chips or other value usable for gambling to MasterCard cardholder accounts in some European countries.

- All non–face-to-face gambling transactions (MCC 7995) must include the indent-printed CVC 2 value in DE 48 (Additional Data—Private Use), subelement 92 of the Authorization Request/0100 message.

### 2.5.5 Applicability of Standards

Transactions covered by this chapter are subject to MasterCard Standards governing retail sales transactions except as otherwise provided here and under section 2.9 Indemnification.

- The floor limit for all unique transactions shall be zero.
- With the exception of truck stop transactions and of card-read transactions where a non-signature CVM is used, if a unique transaction is processed in a face-to-face environment, the cardholder must present a personal identification of the cardholder identical to that required for a cash disbursement as follows.
  The identification must be an official government-issued document (for example, a passport, identification document, or driver's license) that bears one of the following:
  – The cardholder's signature
  – The cardholder's photograph
  – The cardholder's signature and photograph
- If an expiration date is indicated on the document, that document must not be expired.
- Acquirers should ensure that their card acceptors shall, to the extent allowed by applicable law, record on the face of the TID
  – A description of the identification
  – The jurisdiction of issue
  – The expiration date (if indicated on the document)
  – The unique identification number (such as identification card number, passport number, or driver's license number)
  – The name of the cardholder (if different than the name present on the card or if no name appears on the card)
- Except for card-read transactions where a non-signature CVM is used, to ensure that the cardholder's signature compares favorably in accordance with section 3.7 of the *Security Rules and Procedures* manual, the signature on the MasterCard card must be compared to
  – The cardholder's signature on the identification presented (if provided on the document)
  – The cardholder's signature on the TID
- If the identification has a photograph of the cardholder, the card acceptor must check that the person presenting the card appears to be the same person.
- Authorization requests and clearing messages shall identify the transactions as unique.

# 2.6 Processing Payment Transactions

A Payment Transaction is a transfer of funds to a MasterCard account via the Interchange System. A Payment Transaction is not a credit that reverses a previous MasterCard purchase. A Payment Transaction only may be effected

- By a member pursuant to a member-to-member, intracountry, or intercountry business service arrangement.

- Pursuant to a MasterCard program.
- Pursuant to a member or merchant program.

If conducted pursuant to a member-to-member, intracountry, or intercountry business service arrangement, the business service arrangement must be agreed to in writing, in advance, by MasterCard.

MasterCard reserves the right to audit or to monitor any Payment Transaction program at any time.

## 2.6.1 Payment Transaction Program Requirements

Each Payment Transaction **must comply with all requirements set forth herein**.

1. A Payment Transaction must not be effected in a manner that is inconsistent with an expressed cardholder preference.

2. Each Payment Transaction must be authorized separately and distinctly by the issuer of the account to which the funds are to be transferred as described in "Payment Transaction Authorization" in Chapter 9 of the *Authorization System Manual*, and must be identified as a Payment Transaction in the Authorization Request/0100 message.

3. A Payment Transaction must be effected on the date agreed upon by the card acceptor and the person whose account is to be funded.

4. Separate Payment Transaction requests must be effected separately and may not be aggregated as a single Payment Transaction. Conversely, a Payment Transaction may not be separated into two or more Payment Transactions. Each Payment Transaction must be authorized, cleared, and settled distinctly and separately.

5. A Payment Transaction **may not** be effected for any of the following reasons:

   a. To "authenticate" a MasterCard account or a cardholder, for example, by effecting or attempting to effect a Payment Transaction for a nominal amount.

   b. For any illegal purpose or any other purpose deemed by MasterCard to be impermissible.

   c. To transfer the proceeds from a MasterCard transaction to a MasterCard merchant.

6. A Payment Transaction must be submitted to MasterCard for clearing within one day of the issuer's approval of the authorization request.

7. Funds for the Payment Transaction must be deemed collected and in the control of the acquirer before the Payment Transaction is submitted into interchange.

8. A Payment Transaction only may be reversed for reason of a documented clerical error. In such an event, the error must be reversed within three calendar days of the date the Payment Transaction was submitted into interchange. Reversible clerical errors include, by way of example and not limitation, the erroneous capture of transaction data, a duplicate transaction, or an error caused by the transposition of data.

9. A merchant effecting Payment Transactions must honor all valid MasterCard cards without discrimination.

MasterCard, at its discretion, may monitor acquirer and card acceptor compliance with the provisions set forth in section 2.9 Indemnification of this guide.

## 2.6.2 Payment Transaction Identification Requirements

The acquirer must identify each Payment Transaction with the following values.

| For this type of message... | In field... | Use this value... |
| --- | --- | --- |
| Authorization Request/0100 message | DE 3 (Processing Code), subfield 1 (Cardholder Transaction Type) | 28 |
| | DE 18 (Card Acceptor Business Code) | One of the following:<br>• **6532**—if the Payment Transaction is processed by a member or its authorized agent.<br>• **6533**—if the Payment Transaction is processed by a merchant.<br>• A value specified for Payment Transactions in the applicable member-to-member, intracountry, or intercountry business service arrangement, if one is in place. |
| | DE 48 (Additional Data—Private Use), subfield 77 (Payment Transaction Type Indictor) | Payment Transaction program type |
| | DE 48 (Additional Data—Private Use), TCC (Transaction Category Code) | P |
| First Presentment/1240 message | DE 3 (Processing Code), subfield 1 (Cardholder Transaction Type) | 28 |
| | DE 26 (Card Acceptor Business Code) | As described for DE 18 (Merchant Type) in the Authorization Request/0100 message |
| | DE 48 (Additional Data—Private Use), PDS 0043 (Program Registration ID) | Payment Transaction program type |

In V5 format Authorization Request/0100 messages, TCC is optional. If present, the value **P** will appear in subelement ID 9F53, which is carried in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of chip-read transactions.

The value used for the Payment Transaction program type must be that which best describes the purpose of the Payment Transaction.

| Value | Payment Transaction Program Type |
|-------|----------------------------------|
| C01 | Person-to-person payment |
| C02 | Rebate or reward |
| C03 | Value load |
| C05 | Any other purpose |
| C06 | Payment of credit card balance with cash or check (for use by issuers or their authorized agents only) |

Payment Transactions must be identified using one of the following specific card acceptor business codes/merchant category codes (MCCs) unless processed pursuant to a business service arrangement agreement:

- Payment Transaction—Member Financial Institution (MCC 6532)
- Payment Transaction—Merchant (MCC 6533)

Members participating in a business service arrangement agreement may submit Payment Transactions with the MCC defined within the business service arrangement agreement.

The acquirer also should provide either the customer service phone number or the URL address.

| IF the acquirer provides the… | THEN the acquirer must place this data in… |
|-------------------------------|---------------------------------------------|
| Customer service phone number | PDS 0170 (Card Acceptor Inquiry Information), subfield 1 (Customer Service Phone Number) |
| URL address | PDS 0175 (Card Acceptor URL) |

The message originator may also submit a Payment Transaction Detail addendum with a Payment Transaction. This addendum provides the issuer and cardholder with enhanced data about the card acceptor, the recipient of funds, and other transaction details.

## 2.6.3 Gaming Payment Transactions (Europe Region Only)

Gaming Payment Transactions are available in the Europe region only. The following rules apply to Gaming Payment Transactions:

- The Payment Transaction rules described in section 2.6 Processing Payment Transactions apply to Gaming Payment Transactions.
- The Gaming Payment Transaction may only be used to transfer winnings or unspent chips or other value usable for gambling to the same MasterCard card that the cardholder used to place the bet or purchase value used or usable for gambling.

- The Gaming Payment Transaction must be properly identified in authorization and clearing messages using MCC 7995, a transaction type value of 28, and a Payment Transaction program type value of C04.
- The Gaming Payment Transaction must not exceed EUR 5000.
- Gaming Payment Transactions may not be processed by acquirers in Andorra, Cyprus, Latvia, and San Marino.
- Merchants that process Gaming Payment Transactions must be MasterCard *SecureCode*-enabled, and must seek cardholder authentication during authorization of the MasterCard transaction in which the bet is placed or the value to be used for gambling is purchased.
- Anti-Money-Laundering requirements:
  - The acquirer must consider its merchants that submit Gaming Payment Transactions as higher risk under its anti-money laundering compliance program.
  - In addition to any requirement under applicable local law or regulation, the acquirer must satisfy MasterCard's requirement to design and implement processes to conduct enhanced customer due diligence reviews of merchants that submit Gaming Payment Transactions.
  - The acquirer must ensure that merchants that submit Gaming Payment Transactions have appropriate controls in place to identify their own customers and block suspicious activities or accounts.
  - The acquirer must have robust procedures and ongoing controls in place to monitor transactions conducted by merchants that submit Gaming Payment Transactions and to detect and report any potentially suspicious activity.
- Gaming Payment Transactions may only be processed by Europe region acquirers in countries where such transactions are not prohibited by applicable law and only to MasterCard cards issued in the following countries:

| Country Code | Country | Country Code | Country |
|---|---|---|---|
| 020 | Andorra | 428 | Latvia |
| 040 | Austria | 442 | Luxembourg |
| 056 | Belgium | 470 | Malta |
| 196 | Cyprus | 492 | Monaco |
| 203 | Czech Republic | 528 | Netherlands |
| 208 | Denmark | 578 | Norway |
| 233 | Estonia | 674 | San Marino |
| 250 | France | 103 | Slovkia |
| 280 | Germany | 705 | Slovenia |
| 292 | Gibraltar | 724 | Spain |
| 300 | Greece | 752 | Sweden |

| Country Code | Country | Country Code | Country |
|---|---|---|---|
| 348 | Hungary | 756 | Switzerland |
| 352 | Iceland | 792 | Turkey |
| 372 | Ireland | 826 | United Kingdom |
| 380 | Italy | | |

- Issuers in the countries listed must support the Gaming Payment Transaction in authorization and clearing messages.
- Gaming Payment Transactions will not be authorized in MasterCard Stand-In or Down Option Services. Authorization is entirely under the control of the issuer.

# 2.7 Cardholder-Activated Terminal Requirements

Cardholder-activated terminals (CATs) are unattended devices. As such, no card acceptor representative is present at the time of the transaction.

For example, CATs may be ticket dispensing machines, vending machines, automated fuel dispensers, toll booths, and parking payment terminals.

MasterCard provides the following types of CATs:
- CAT Level 1: Automated Dispensing Machines (CAT 1)
- CAT Level 2: Self-Service Terminals (CAT 2)
- CAT Level 3: Limited Amount Terminals (CAT 3)
- CAT Level 4: In-Flight Commerce Terminals (CAT 4)
- CAT Level 5: Reserved for future use
- CAT Level 6: Electronic Commerce Transactions (CAT 6)
- CAT Level 7: Transponder Transactions (CAT 7)

Because CATs are unattended, the traditional point-of-interaction (POI) acceptance procedures do not apply, such as the card acceptor's examination of the MasterCard card to detect abnormalities and the comparison of the cardholder signature to the signature on the TID.

Transactions completed with an EMV chip card at a non-EMV chip-enabled CAT that take place in a country or region that participates in the Global Chip Liability Shift Program are eligible to be charged back under that program. Refer to section 2.8 Processing EMV Chip Transactions for more information.

**Use of the CAT Level Indicator**—A CAT transaction is identified through the use of the appropriate CAT level indicator value in the authorization and clearing messages.

In Authorization Request/0100 and Authorization Request Response/0110 messages, the CAT level indicator is located in DE 61 (Point-of-Service Data), subfield 10 (Cardholder-Activated Terminal Level).

In First Presentment/1240, Chargeback/1442, Second Presentment/1240, and Arbitration Chargeback/1442 messages, the CAT level indicator is located in PDS 0023 (Terminal Type).

| | The CAT level indicator for… | |
|---|---|---|
| **Terminal Type[3]** | **Authorization message (DE 61, subfield 10) is…** | **Clearing message (PDS 0023) is…** |
| CAT Level 1 | 1 | CT1 |
| CAT Level 2 | 2 | CT2 |
| CAT Level 3 | 3 | CT3 |
| CAT Level 4 | 4 | CT4 |
| CAT Level 6 | 6 | CT6 |
| CAT Level 7 | 7 | CT7 |

For additional requirements, please refer to the *Customer Interface Specification* and the *IPM Clearing Formats* manuals.

## 2.7.1 General Requirements

The following general acceptance requirements apply to all CATs:

1. **Characteristic**

    a. All CAT transactions are non–face-to-face transactions.

    b. All CAT transactions have no card acceptor representative present at the time of the transaction.

    c. All CAT transactions are initiated by the cardholder.

    d. All CAT transactions have the card number captured as a result of reading the EMV chip or magnetic stripe on the card or by using an electronic device (including, but not limited to, transponders, PCs, and mobile phones).

    e. Messages used at CATs must communicate to the cardholder, at a minimum, the following:

    i. Invalid transaction

    ii. Unable to route

    iii. Invalid PIN—Re-enter (This message does not apply to transactions at CAT 2, CAT 4, CAT 6, and CAT 7.)

    iv. Capture card (This message is subject to the ability of the terminal to retain cards.)

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3. CAT Level 5 is reserved for future use.

2. **Authorization**

   a. The Authorization Request/0100 message must include a valid card acceptor/merchant category code (MCC), point-of-sale (POS) country code, POS postal code, and CAT level indicator.

   b. Depending on the CAT level indicator, other specific data is required for authorization. Refer to Chapter 9, Authorization Services Details, of the *Authorization System Manual*, Chapters 4 and 5 of the *Customer Interface Specification* manual, and to the information provided within section 2.7 Cardholder-Activated Terminal Requirements of this guide.

3. **Transaction Information Document (TID)**

   The acquirer is responsible for providing requested TIDs in accordance with Chapter 6 of this guide.

4. **Clearing**

   a. The card acceptor identification number and CAT level indicator must be present in the First Presentment/1240, First Chargeback/1442, Second Presentment/1240, and Arbitration Chargeback/1442 messages. Refer to the *IPM Clearing Formats* manual for more information.

   b. The First Presentment/1240 message of a CAT transaction must contain one of the following values in DE 22 (Point of Service Data Code), subfield 7 (Card Data: Input Mode):

      i. **B**—(Magnetic stripe reader input; track data captured and passed unaltered.) This value does not apply to transactions at CAT 3 devices.

      ii. **C**—(Online Chip)

      iii. **F**—(Offline Chip)

      iv. **2**—(Magnetic stripe reader input) This value applies only to transactions at CAT 3 devices.

   c. Depending on the CAT level indicator, other specific data is required for clearing. Refer to the *IPM Clearing Formats* manual and to the information provided within section 2.7 Cardholder-Activated Terminal Requirements of this guide.

5. **Scrip**

   No CAT may accept a MasterCard card for the purchase of scrip.

6. **EMV Chip**

   A CAT device may be an EMV hybrid device.

## 2.7.2 CAT Level Requirements

The following requirements apply to the specific CAT levels indicated.

### 2.7.2.1 Dual Capability for CAT 1 and CAT 2

A CAT device may have dual capability as a CAT 1 and a CAT 2. Dual capability allows a CAT device to identify each transaction as CAT 1 or CAT 2 depending on the presence of a PIN (online or offline).

| IF… | THEN… |
|---|---|
| A cardholder is prompted for a PIN and enters a PIN (online or offline), | the acquirer must identify the transaction with the CAT Level 1 indicator. |
| A cardholder is not prompted for a PIN and does not enter a PIN (online or offline), | the acquirer must identify the transaction with the CAT Level 2 indicator. |

A CAT 1 device that supports offline PIN, but not online PIN, must have dual capability as a CAT 2 device and comply with all CAT 2 requirements (including support of "No CVM").

### 2.7.2.2 CAT Level 1: Automated Dispensing Machines (CAT 1)

1. **Cardholder Verification Method (CVM)**
   a. CAT 1 devices must accept PIN as the CVM.
      i. Online PIN is the mandatory CVM for magnetic stripe-read transactions.
      ii. PIN (online or offline) is the mandatory CVM for EMV chip-read transactions.

      CAT 1 devices must support online PIN and may support offline PIN as CVMs.

      CAT 1 devices must not support only offline PIN as the CVM.
   b. CAT 1 devices must not perform the CVM fallback.
   c. CAT 1 devices must not accept signature or "No CVM" as the CVM.
   d. All members must comply with the security requirements for PIN and key management, as specified in Chapter 4, Terminal and PIN Security Standards, of the *Security Rules and Procedures* manual and in Chapter 9, Authorization Services Details, of the *Authorization System Manual.*

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Transactions at CAT 1 devices must be coded with the MCC that most accurately describes the card acceptor's primary business. Refer to Chapter 3, Card Acceptor Business Codes/Merchant Category Codes, of the *Quick Reference Booklet* for more information.

3. **Authorization**
   a. CAT 1 devices must have online capability.
      i. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis.
      ii. EMV chip-read transactions greater than USD 100, or its local currency equivalent, must be authorized online by the issuer.

      The acquirer must read and transmit full, unaltered card-read data.
   b. CAT 1 devices may have offline capability.

      EMV chip-read transactions less than or equal to USD 100, or its local currency equivalent, may be authorized offline by the EMV chip.

4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 1 devices.

5. **X-Code Processing**

   For transactions at CAT 1 devices, the MIP X-Code authorization response must be a decline. The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, Basic Authorization Concepts, of the *Authorization Systems Manual* for further details.

6. **Maximum Transaction Amount**

   There is no maximum amount limit for transactions at CAT 1 devices authorized online by the issuer.

   There is a maximum amount limit of USD 100, or its local currency equivalent, for transactions authorized offline by the EMV chip.

7. **Card Retention**

   Card retention at CAT 1 devices is not required; however, if the terminal capability is available, the card acceptor may do so only at the issuer's specific direction.

   a. The retained card must be logged and secured under appropriate audit controls, in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.

   b. The retained card must promptly be rendered useless and then returned to the acquirer in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.

8. **Chargebacks**

   For chargeback rights applicable to transactions at CAT 1 devices refer to:

   – Message Reason Code 4808—Requested/Required Authorization Not Obtained

   – Message Reason Code 4835—Card Not Valid or Expired

   – Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction

   The following are not applicable for CAT 1:

   – Message Reason Code 4837—No Cardholder Authorization

   – Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

9. **EMV Chip**

   A CAT 1 device that is also an EMV hybrid device must be capable of performing fallback procedures from chip to magnetic stripe, unless it is prohibited by a region.

10. **Security Attributes**

    a. CAT 1 devices may support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verifications.

    b. All acquirers of CAT 1 devices must have received one-time CVC 1 certification from MasterCard.

### 2.7.2.3 CAT Level 2: Self-Service Terminal (CAT 2)

The following contains information about CAT Level 2.

1. **Cardholder Verification Method (CVM)**

   a. CAT 2 devices must accept "No CVM" as the CVM.

   b. CAT 2 devices must not accept signature or PIN (online or offline) as the CVM.

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Transactions at CAT 2 devices must be coded with the MCC that most accurately describes the card acceptor's primary business. Refer to Chapter 3, Card Acceptor Business Codes/Merchant Category Codes, of the *Quick Reference Booklet* for more information.

3. **Authorization**

   a. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis.

      The acquirer must read and transmit full, unaltered card-read data.

   b. EMV chip-read transactions must be authorized either:

      i. online by the issuer with full, unaltered card-read data transmitted by the acquirer, or

      ii. offline by the EMV chip for transactions less than or equal to USD 100, or its local currency equivalent.

4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 2 devices.

5. **X-Code Processing**

   The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, Basic Authorization Concepts, of the *Authorization System Manual* for further details.

6. **Maximum Transaction Amount**

   a. There is no maximum amount limit for transactions at CAT 2 devices authorized online by the issuer.

   b. There is a maximum amount limit of USD 100, or its local currency equivalent, for transactions authorized offline by the EMV chip.

7. **Card Retention**

   Card retention at CAT 2 devices is not required; however, if the terminal capability is available, the card acceptor may do so only at the issuer's specific direction.

   a. The retained card must be logged and secured under appropriate audit controls, in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.

   b. The retained card must promptly be rendered useless and then returned to the acquirer in accordance with Chapter 5, Card Recovery and Return Standards, of the *Security Rules and Procedures* manual.

8. **Chargebacks**

   The following chargeback reason codes are not applicable to transactions at CAT 2 devices:

   – Message Reason Code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud

   – Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

   – Message Reason Code 4871—Chip/PIN Liability Shift

9. **EMV Chip**

   A CAT 2 device that is also an EMV hybrid device must be capable of performing fallback procedures from chip to magnetic stripe, unless it is prohibited by a region.

10. **Security Attributes**

    a. CAT 2 devices may support Address Verification Service (AVS) and Cardholder Code Validation (CVC) 2 verifications.

    b. All acquirers of CAT 2 devices must have received one-time CVC 1 certification from MasterCard.

## 2.7.2.4 CAT Level 3: Limited Amount Terminals (CAT 3)

The following contains information about CAT Level 3.

1. **Cardholder Verification Method (CVM)**

   a. CAT 3 devices must accept "No CVM" as the CVM.

   b. CAT 3 devices may accept offline PIN as the CVM for EMV chip-read transactions.

      When accepting offline PIN as the CVM, all members must comply with the security requirements for PIN and key management, as specified in Chapter 4, Terminal and PIN Security Standards, of the *Security Rules and Procedures* manual and in Chapter 9, Authorization Services Details, of the *Authorization System Manual.*

   c. CAT 3 devices must not accept signature as the CVM.

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   a. Use of CAT 3 devices is restricted to the following MCCs:

      i.   4784—Bridges and Road Fees, Tolls

      ii.  7523—Automobile Parking Lots and Garages

      iii. 7542—Car Washes

   b. Within Germany, Poland, Switzerland, and the United Kingdom, the restricted usage of CAT 3 devices additionally includes *PayPass*-only transactions properly identified with MCC 5499—Miscellaneous Food Stores-Convenience Stores, Markets, and Specialty Stores.

3. **Authorization**

   a. A CAT 3 device must not have online capability.

   b. EMV chip-read transactions may be authorized offline by the EMV chip.

   c. A CAT 3 device must check the account number against the Electronic Warning Bulletin when the device has such capability.

4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 3 devices.

5. **X-Code Processing**

   X-Code processing does not apply to transactions at CAT 3 devices.

6. **Maximum Transaction Amount**

   a. At *PayPass*-only CAT 3 devices located in

      i.   Germany, the maximum transaction amount is EUR 25

      ii.  Poland, the maximum transaction amount is PLN 50

      iii. Switzerland, the maximum transaction amount is CHF 40

      iv.  United Kingdom, the maximum transaction amount is GBP 10

      Refer to section 2.12.2 of this guide for information on *PayPass*-only acceptance.

   b. For intra-European CAT 3 transactions, the maximum transaction amount is EUR 50 for magnetic stripe and EMV chip-read transactions.

   c. For all other CAT 3 devices, the maximum transaction amount is USD 40, or its local currency equivalent, for magnetic stripe and EMV chip-read transactions.

7. **Card Retention**

   There is no card retention requirement for CAT 3 devices.

8. **Chargebacks**

   For chargeback rights applicable to transactions at CAT 3 devices, refer to the following:

   – Message Reason Code 4808—Requested/Required Authorization Not Obtained

   – Message Reason Code 4837—No Cardholder Authorization

   – Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction

   The following are not applicable for CAT 3:

   – Message Reason Code 4837—No Cardholder Authorization

   – Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

   – Message Reason Code 4871—Chip/PIN Liability Shift

9. **EMV Chip**

   A CAT 3 device that also is an EMV hybrid device is prohibited from performing fallback procedures from EMV chip to magnetic stripe.

10. **Security Attributes**

    A CAT 3 device does not support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verification, as a CAT 3 device does not have the capability to request an online authorization from the issuer.

### 2.7.2.5 CAT Level 4: In-Flight Commerce (IFC) Terminals (CAT 4)

The following contains information about CAT Level 4.

1. **Cardholder Verification Method (CVM)**

   a. CAT 4 devices must accept "No CVM" as the CVM.

   b. CAT 4 devices must not accept signature or PIN (online or offline) as the CVM.

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Identification of transactions at CAT 4 devices is restricted to certain MCCs, as detailed in the Authorization section that follows.

3. **Authorization**

   a. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis. Transactions are either authorized air-to-ground during the transaction or in a delayed batch.

      The acquirer must read and transmit full, unaltered card-read data.

   b. EMV chip-read transactions must be authorized either:

      i.  Online by the issuer with full, unaltered card-read data transmitted by the acquirer. Transactions are either authorized air-to-ground during the transaction or in a delayed batch.

      ii. Offline by the EMV chip.

   c. An authorization request at a CAT 4 device may not contain a key-entered account number or expiration date.

   d. The acquirer must convert all "refer to card issuer" and "capture card" messages received from issuers to "decline."

**Acquirer/Service Provider Requirements and Transaction Identification Specifications**

a. Gambling transactions are not permitted at CAT 4 devices acquired within the Europe region.

b. Acquirers must ensure timely delivery and installation of the IFC Blocked Gaming File to gambling service providers. IFC Blocked Gaming File access is required before every gambling transaction. Refer to Chapter 9, "Authorization Services Detail," of the *Authorization System Manual* for further details.

c. Transactions at CAT 4 devices are conducted on interactive video terminals by passengers on airline flights.

   The acquirer must not use an airline MCC (MCC 4511, 3000–3299) but must assign the proper MCC for each type of IFC transaction.

   Use of CAT 4 devices is restricted to the following six MCCs:

   i. 4899—Cable, Satellite, and Other Pay Television and Radio Services

   ii. 5309—Duty Free Stores

   iii. 5964—Direct Marketing—Catalog Merchants

   iv. 7299—Other Services—not elsewhere classified

   v. 7994—Video Game Arcades/Establishments

   vi. 7995—Gambling Transactions

d. For each flight, acquirers must generate one Authorization Request/0100 message per MCC for each MasterCard cardholder account. "Flight" is defined as one or more segments of a continuous air flight with the same flight number.

e. The acquirer must identify the transaction in the Authorization Request/0100 message with a transaction category code (TCC) of **U** or **R** as defined below.

   i. For **gambling** transactions, the acquirer must use **U** (Unique Transactions).

   ii. For any transaction **other than gambling**, the acquirer must use **R** (Retail Purchase).

f. DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name) must include the card acceptor name and flight identification. The flight identification must be a recognizable identification of the airline (not necessarily the airline alphabetic International Air Transport Association [IATA] indicator).

g. The city field description should contain the following:

   i. For **mailed purchases and gambling transactions** the city field description must include the card acceptor customer service telephone number. The customer service telephone number does not need to be a toll-free number.

   ii. For all CAT 4 transactions **other than mailed purchases and gambling**, the city field description may include a customer service telephone number.

h. For all transactions at CAT 4 devices, except mailed purchase transactions, the transaction date is defined as the date that the flight departs from the originating city.

   The transaction date for mailed purchases is defined as the shipment date unless otherwise disclosed to the cardholder.

i.   The acquirer must ensure that the card acceptor provides full disclosure to the cardholder via the CAT 4 device before the initiation of any transactions, as detailed below. The CAT 4 device must prompt the cardholder to acknowledge these disclosure terms before initiating transaction(s). Disclosure must include the following:

   i.   Full identification of the card acceptor and provision for recourse in terms of cardholder complaints or questions.

   ii.  Notification that transactions will be billed upon the issuer's approval of the authorization request.

   iii. For mailed purchase transactions only, any additional shipping or handling charges.

   iv.  Policy on refunds or returns

   v.   Provision for a paper TID

   For gambling transactions, card acceptors must additionally disclose the following:

   i.   Maximum winnings (USD 3,500) and maximum losses (USD 350)

   ii.  Notification that total net transaction amount (whether a net win or loss) will be applied against the cardholder's account.

   iii. Notification that cardholder must be at least 18 years of age to play.

   iv.  Notification that some MasterCard card issuers may not allow gambling.

j.   The acquirer must ensure that the card acceptor can provide an itemized TID to the cardholder for all transactions at CAT 4 devices. The acquirer must ensure that, at the cardholder's option, the card acceptor can effect this offer in one of three ways:

   i.   Printing a TID at the passenger's seat

   ii.  Printing a TID from a centralized printer on the plane

   iii. Mailing a TID to the cardholder

   The CAT 4 device must provide the mailed TID offer and, if accepted, must require the cardholder to input his or her name and address. For gambling transactions the card acceptor must provide a TID to the cardholder by methods (i) or (ii), described above.

   The TID must contain the following elements:

   i.   Identification of the passenger's flight, seat number, and date of departure.

   ii.  Itemized transaction detail

   iii. Gambling transaction specified as a net win or net loss.

   iv.  The cardholder's account number truncated on the TID.

**Additional Requirements for Gambling Transactions**

a. Gambling transactions are not permitted at CAT 4 devices acquired within the Europe region.

b. Net gambling losses cannot exceed USD 350 per flight per MasterCard cardholder account. Net payouts to cardholders for gambling wins cannot exceed USD 3,500 per flight per MasterCard cardholder account. The card acceptor must monitor losses and winnings throughout the flight to ensure compliance.

c. A gambling win transaction will result in posting of net winnings (credit) to the cardholder's account. Under no circumstance may winnings be paid in cash or other form of payment.

d. Before participating in gambling activity, the acquirer must undertake all reasonable and necessary steps to assure itself and, if requested, MasterCard, that such gambling activity will be effected in full compliance with all applicable laws and regulations. By participating in gambling activity the member agrees to indemnify, defend, and hold MasterCard harmless with respect to any claim, damage, loss, fine, penalty, injury, or cause of action arising or resulting from or attributable to the member's gambling activity.

**Cardholder Account Number Verification—In-Flight Verification Prior to Transaction Initiation**

a. The acquirer must ensure that the card acceptor conducts a Mod-10 check digit routine to verify card authenticity.

b. The acquirer must ensure that the card acceptor confirms that the card account number is within a valid MasterCard BIN range and must begin with 51, 52, 53, 54, or 55.

c. For gambling transactions, the acquirer must ensure that the MasterCard cardholder's account number is checked against the IFC Blocked Gaming File. Cardholders whose account numbers are listed on the IFC Blocked Gaming File must be prohibited from initiating any gambling transaction.

**Additional Authorization Requirements for Gambling Transactions**

All gambling losses authorized post-flight must be submitted for authorization for the net amount. All gambling transactions authorized during the flight will be for the full wager amount (USD 350 or a lower amount predetermined by the airline and gambling card acceptor). No gambling wins will be submitted for authorization.

4. **Clearing Requirements for All Transactions**

a. An acquirer is not permitted to submit declined transactions (including those defined in **3.d**. above) into clearing.

b. No surcharges or service fees may be assessed on any transaction, including gambling transactions.

**Additional Clearing Requirements for Gambling Transactions**

a. Gambling transactions submitted for clearing must be for the net amount won or lost.

b. Gambling win transactions will be submitted as a credit transaction (DE 3 [Processing Code], subfield 1 [Cardholder Transaction Type]) with a value of 20 (Credit [Purchase Return]). Interchange will be paid to issuers by acquirers on gambling win transactions.

c. An acquirer may resubmit a gambling transaction for a different amount within the specified transaction limits if it previously was rejected for exceeding the specified transaction limits—USD 3,500 for wins and USD 350 for losses.

5. **Effective Date of the IFC Blocked Gaming File**

   Updates to the IFC Blocked Gaming File will be effective on the first and the 15th day of each month. MasterCard must receive account ranges or BINs that issuers choose to list on the next effective updated IFC Blocked Gaming File at least two weeks before the effective date.

6. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 4 devices.

7. **X-Code Processing**

   The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, "Basic Authorization Concepts," of the *Authorization System Manual* for further details.

8. **Maximum Transaction Amount**

   There is no maximum amount limit for any transaction at CAT 4 devices, except for gambling transactions.

9. **Card Retention**

   There is no card retention requirement for CAT 4 devices.

10. **Chargebacks**

    There are no chargeback restrictions for transactions at CAT 4 devices.

11. **EMV Chip**

    A CAT 4 device that also is an EMV hybrid terminal is prohibited from performing fallback procedures from EMV chip to magnetic stripe.

12. **Security Attributes**

    CAT 4 devices may support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verifications.

## 2.7.2.6 CAT Level 5: Reserved for Future Use

This CAT level is not currently in use and is reserved for future use.

## 2.7.2.7 CAT Level 6: Electronic Commerce Transactions (CAT 6)

Refer to Chapter 9, "Authorization Services Details," of the *Authorization Systems Manual* for MasterCard requirements regarding the identification of electronic commerce transactions.

### 2.7.2.8 CAT Level 7: Transponder Transactions (CAT 7)

The following contains information about CAT Level 7.

1. **Cardholder Verification Method (CVM)**

   a. CAT 7 devices must accept "No CVM" as the CVM.

   b. CAT 7 devices must not accept signature or PIN (online or offline) as the CVM.

2. **Card Acceptor Business Codes/Merchant Category Codes (MCCs)**

   Transactions at CAT 7 devices must be coded with the MCC that most accurately describes the card acceptor's primary business. Refer to Chapter 3, "Card Acceptor Business Codes/Merchant Category Codes," of the *Quick Reference Booklet* for more information.

3. **Authorization**

   a. All magnetic stripe-read transactions, regardless of amount, must be authorized online by the issuer on a zero floor limit basis.

      The acquirer must read and transmit full, unaltered card-read data.

   b. EMV chip-read transactions must be authorized either:

      i. Online by the issuer with full, unaltered card-read data transmitted by the acquirer

      ii. Offline by the EMV chip

4. **Limit-1 Processing**

   Limit-1 processing does not apply to transactions at CAT 7 devices.

5. **X-Code Processing**

   The issuer is liable for transactions that are approved under acquirer MIP X-Code, up to the MIP X-Code limits specified by MasterCard. Refer to Chapter 2, "Basic Authorization Concepts," of the *Authorization System Manual* for further details.

6. **Maximum Transaction Amount**

   There is no maximum amount limit for transactions at CAT 7 devices.

7. **Card Retention**

   There is no card retention requirement for CAT 7 devices.

8. **Chargebacks**

   There are no chargeback restrictions for transactions at CAT 7 devices.

9. **EMV Chip**

   A CAT 7 device that also is an EMV hybrid device is prohibited from performing fallback procedures from chip to magnetic stripe.

10. **Security Attributes**

    CAT 7 devices may support Address Verification Service (AVS) and Cardholder Validation Code (CVC) 2 verifications.

# 2.8 Processing EMV Chip Transactions

Section 2.8 of this guide applies to MasterCard transactions only, including intra-European MasterCard ATM transactions. For information about the applicability of chip liability shifts and the Global Chip Liability Shift Program to Maestro and Cirrus transactions, refer to Chapter 11 of the *Maestro Global Rules* and Chapter 11 of the *Cirrus Worldwide Operating Rules*.

An EMV chip card is a credit card or debit card containing a computer chip with memory and interactive capabilities used to identify and store additional data about the cardholder, cardholder account, or both. An EMV chip card also is called an integrated circuit card.

Acquirers must send EMV chip data in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of the Authorization Request/0100 message.

For purposes of exception processing, acquirers are advised also to send the data in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of the First Presentment/1240 message rather than in the generic addendum message, to ensure it is recognized as EMV chip data. Effective 1 January 2011, acquirers must send EMV chip data in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of the First Presentment/1240 message.

If the acquirer has provided EMV chip data in DE 55 of the First Presentment/1240 message and provides the data again when fulfilling a retrieval request, the acquirer may collect a USD 25 (or EUR 25 for intra-European transactions) handling fee.

**For intra-European transactions only**, DE 55 must be present in the First Presentment/1240 message. If the acquirer does not supply correct data in DE 55 of the First Presentment/1240 message, the issuer may collect a EUR 25 handling fee.

Refer to the *Customer Interface Specification* manual, the *V5 Interface Specifications* manual, and Chapter 7 of the *IPM Clearing Formats* manual for a complete listing of the required and optional subelements used to provide chip data in the CIS format (DE 55), V5 format (DE 055), or IPM format (DE 55) when the transaction is an EMV chip transaction.

## 2.8.1 A Valid EMV Chip Transaction

To be valid, an EMV chip transaction must take place at a hybrid terminal. A hybrid terminal is a payment device that can accept transactions using both contact chip and magnetic stripe technologies. MasterCard considers only terminals that have successfully passed EMV Type Approval and the MasterCard Terminal Integration Process (TIP) to be hybrid terminals. A device that can accept chip cards but has not completed TIP is considered to be a magnetic-stripe-only terminal by MasterCard.

At a hybrid terminal, the EMV chip on an EMV chip card may generate one of the following application cryptograms:

- **Application Authentication Cryptogram (AAC)**—Indicates that the transaction has been declined offline either because of rejection of the transaction or a restriction against the use of the card in that environment.

  **NOTE**

  **For certain types of offline transaction, such as call referrals, refunds, and PIN-verified on-board transactions, the terminal should complete the transaction although the card has generated an AAC. Refer to section 2.1.2 Obtaining an Authorization.**

- **Authorization Request Cryptogram (ARQC)**—Indicates that the transaction must go online to the issuer for authorization.

- **Transaction Certificate (TC)**—Indicates that the transaction has been approved.

A valid EMV chip transaction effected at a hybrid terminal is authorized by the issuer or the chip and generates a unique Transaction Certificate (TC).

The production of a TC and related data for each EMV chip transaction introduces new information that can help determine the actual circumstances of a transaction and issuer and acquirer liabilities. However, the TC itself does not constitute a guarantee of payment to the acquirer, nor does the lack of a TC or an invalid TC provide an automatic right of chargeback to the issuer.

A non–face-to-face chip-read transaction effected using a cardholder-controlled remote device is considered valid if the acquirer has received an **Authorization Response Cryptogram (ARPC)** (a cryptogram generated by the issuer that contains the decision to approve or decline the transaction) and authorization response code that both indicate approval of the transaction.

EMV chip compliance is determined by reference to the chip technical specifications in effect at the time of chip certification.

### 2.8.1.1 Chip/PIN Transactions

A **chip/PIN transaction** is a MasterCard transaction completed at a hybrid PIN-capable terminal using the chip and with offline or online PIN as the CVM.

The cardholder may retain control of the card while a chip/PIN transaction is performed. A merchant performing a chip/PIN transaction is exempt from the acceptance requirements set forth in section 2.1.1, Acceptance Procedures for Purchase Transactions and section 2.1.2.2, Retain the Card While Obtaining Authorization.

A **hybrid PIN-preferring card** means a hybrid MasterCard card that:

- Has received MasterCard card design approval.
- Is loaded with a MasterCard-approved EMV application that is capable of checking the cardholder's PIN offline.
- Has passed the MasterCard card personalization certification process.

- Has been personalized in a way that the offline PIN CVM option (encrypted or clear text) as described in EMV appears in the cards CVM list with a higher priority than both the online PIN and signature options with a condition code appropriate for the current transaction.

A **hybrid PIN-capable terminal** describes a hybrid terminal that has the same hardware, software, and configuration as a terminal that:

- Has full EMV Level 1 and Level 2 Type Approval status to the then current specifications.
- Has completed the terminal integration process prescribed by MasterCard in the appropriate environment of use, including the certification of the acquirer host interface.
- Is capable, at a minimum, of offline verification of the PIN (encrypted and cleartext) associated with a hybrid PIN-preferring card. A hybrid PIN-capable terminal may also be capable of online PIN verification.

A **CAT Level 1 terminal** is a hybrid PIN-capable terminal if it meets the above requirements for a hybrid PIN-capable terminal.

### 2.8.1.2 CVM Fallback

The following requirements apply with respect to cardholder verification method (CVM) fallback from PIN to signature on an EMV chip transaction:

1. When a hybrid PIN-preferring card is used at a hybrid PIN-capable terminal, the cardholder may be verified by signature if PIN verification (offline or online) fails for any reason other than PIN decline by the issuer or by Stand-In, provided signature is identified as a permitted CVM during the EMV transaction process. Hybrid PIN-capable terminals may support the PIN override function described in the EMV specifications.

2. CVM fallback transactions must be authorized and properly identified as being completed with signature as the CVM.

3. The issuer is liable for lost, stolen and never-received-issue fraudulent CVM fallback transactions completed with authorization, provided that the proper merchant acceptance procedures were followed (for example, a CVM was used). The acquirer is liable for lost, stolen and never-received-issue fraudulent CVM fallback transactions completed without authorization.

### 2.8.1.3 Technical Fallback

In both the chip and the chip/PIN environment, a technical failure involving either the EMV chip or the hybrid terminal may result in a technical fallback transaction. A technical fallback transaction

- May be initiated with the magnetic stripe only if the chip cannot be read.
- May be paper-based (including PAN key entry) only if both the chip and the magnetic stripe cannot be read.
- May be completed with signature or, where applicable, PIN as the CVM.
- Must be authorized online by the issuer and properly identified as being captured with a fallback technology.

The issuer is liable for fraudulent magnetic stripe-read and paper-based technical fallback transactions completed with authorization, provided that the proper merchant acceptance procedures were followed (for example, a CVM was used). The acquirer is liable for fraudulent magnetic stripe-read and paper-based technical fallback transactions completed without authorization.

## 2.8.2 Global Chip Liability Shifts

EMV chip technology can provide a more secure alternative to non-chip technology for reducing counterfeit-fraud transactions, and if PIN is used as the cardholder verification method (CVM), lost, stolen, and never-received-issue (NRI) fraudulent transactions. Therefore, certain countries and MasterCard regions have decided to migrate to the EMV chip platform, and some have also decided to require or are considering requiring PIN as the preferred CVM.

Many of these same countries and regions have instituted a chip liability shift for domestic and intraregional MasterCard transactions to protect members that have made the early investment in EMV chip.

**Chip liability shift** means that when a counterfeit, fraud transaction occurs in a country or region that has migrated to the EMV chip card platform, the liability for the transaction will shift to the non–chip-compliant party.

In addition, if PIN is the preferred or required CVM in a country or MasterCard region, the liability for lost, stolen, and never-received cards resulting in fraudulent MasterCard transactions when one member is not yet able to support chip/PIN transactions will be borne by that member.

| A chip liability shift in… | Applicable to… | Has been in effect since… |
|---|---|---|
| Europe region | Intraregional and domestic transactions | 1 January 2005 |
| Latin America and the Caribbean region | Intraregional transactions | 1 January 2005 |
| Brazil | Domestic transactions | 1 March 2008 |
| Colombia | Domestic transactions | 1 October 2008 |
| Venezuela | Domestic transactions | 1 July 2009 |
| South Africa | Domestic transactions | 1 January 2005 |
| Asia/Pacific region | Intraregional and domestic transactions | 1 January 2006 |

| A chip liability shift in… | Applicable to… | Has been in effect since… |
|---|---|---|
| South Asia/Middle East/Africa region | Intraregional and domestic transactions | 1 January 2006 |
| Canada region | Intraregional and domestic transactions | 15 October 2010 |

| A chip/PIN liability shift in… | Applicable to… | Has been in effect since… |
|---|---|---|
| Europe region | Intraregional and domestic transactions | 1 January 2005 |
| Canada region | Intraregional and domestic transactions | 15 October 2010 |

### 2.8.2.1 Levels of Participation

There are two levels of chip liability shift participation:

- **Level 1—Chip Liability Shift (Counterfeit Fraud)**
  - Issuers assume counterfeit fraud-related liability if a non-EMV chip card is presented at a hybrid terminal.
  - Acquirers assume counterfeit fraud-related liability if an EMV chip card is presented at a non-hybrid terminal.

- **Level 2—Chip/PIN Liability Shift (Lost/Stolen/Never-received-issue Fraud)**
  - Issuers assume lost, stolen, and never-received issued fraud-related liability unless a card is a hybrid PIN-preferring card used at a terminal that is not a hybrid PIN-capable terminal.
  - Acquirers assume lost, stolen, and never received issued fraud-related liability if a hybrid PIN-preferring card is used at a terminal that is not a hybrid PIN-capable terminal.
  - A country or region cannot participate at Level 2 without first or concurrently participating at Level 1.

### 2.8.2.2 Global Chip Liability Shift Program

A country or MasterCard region that has instituted a domestic or intraregional chip or chip/PIN liability shift may become a participant in the Global Chip Liability Shift Program for interregional transactions.

The following countries and regions participate in the Global Chip Liability Shift Program for interregional MasterCard POS transactions. For information about participation with respect to ATM transactions, refer to Chapter 11 of the *Cirrus Worldwide Operating Rules*.

**Table 2.1 Level 1 (Chip Liability Shift) Participation**

| In this region… | The following countries and territories participate… | Effective for transactions dated on or after... |
|---|---|---|
| Asia/Pacific region | All | 15 April 2011 |
| Canada region | All | 15 April 2011 |
| Europe region | All | Currently in effect |
| Latin America and the Caribbean region | Brazil, Colombia, Venezuela | 15 April 2011 |
| | Mexico | 1 August 2011 |
| | All others | 12 October 2012 |
| South Asia/Middle East/Africa region | Mauritius, Morocco, South Africa, Tunisia, Qatar and United Arab Emirates | Currently in effect |
| | Bahrain, Kuwait | 15 October 2010 |
| | All others | 15 April 2011 |

**Table 2.2 Level 2 (Chip/PIN Liability Shift) Participation**

| In this region… | The following countries and territories participate… | Effective for transactions dated on or after... |
|---|---|---|
| Europe region | All | Currently in effect |

## 2.8.2.3 Reason Codes and Chargeback Rights

Chip technology does not introduce new chargeback reasons, except with respect to chip or chip/PIN liability shifts as described in this section and in Chapter 3, Message Reason Codes of this guide. Otherwise, members may initiate a chargeback for exactly the same reasons, and using exactly the same procedures, as those for magnetic stripe transactions.

Members participating in domestic or intraregional chip or chip/PIN liability shifts or the interregional Chip Liability Shift Program may use the following message reason codes to chargeback counterfeit fraud or lost, stolen, or never received card fraud transactions.

| Issuer may use this chargeback message reason code… | If transaction involved… | And both parties participate in a… |
| --- | --- | --- |
| 4870 (Chip Liability Shift) | Counterfeit fraud | Chip liability shift |
| 4871 (Chip/PIN Liability Shift) | Lost, stolen, or never-received-as-issued (NRI) fraud | Chip/PIN liability shift |

| Acquirer may use this second presentment message reason code… | And both parties participate in a… |
| --- | --- |
| 2870 (Chip Liability Shift) | Chip liability shift |
| 2871 (Chip/PIN Liability Shift) | Chip/PIN liability shift |

**NOTE**

**The issuer may invoke the chip and the chip/PIN liability shift only with the first chargeback under message reason code 4870 and 4871.**

**Acquirers may use message reason code 2870 (Chip Liability Shift)** to invoke the chip liability shift as a final remedy to a chargeback initiated under one of these message reason codes.

| Reason Code | Description |
| --- | --- |
| 4807 | Warning Bulletin File |
| 4812 | Account Number Not on File |
| 4837 | No Cardholder Authorization |
| 4857 | Card-activated Telephone Transactions |
| 4862 | Counterfeit Transaction Magnetic Stripe POS Fraud |

**Acquirers must use message reason code 2871 (Chip/PIN Liability Shift)** to indicate that a chip/PIN liability shift is the reason for the second presentment in response to message reason code 4837.

An arbitration chargeback is **not allowed** if the second presentment under message reason code 2870 or 2871 was valid.

Acquirers continue to have the right to submit second presentments for chargebacks initiated using the message reason codes listed above for **any** of the following situations:

• The issuer initiated an invalid chargeback.

• The acquirer already issued a credit.

- The acquirer has new information that was unknown to the issuer before the original chargeback (for example, a new card acceptor name, or different transaction date).

To remedy a chargeback initiated under message reason code 4870 when the chip liability shift does not apply or to remedy a chargeback initiated under message reason code 4871 when the chip/PIN liability shift does not apply, the acquirer must use message reason code 2713 (Invalid Chargeback).

Any country or region that participates in the Global Chip Liability Shift Program for interregional transactions must implement a domestic or intraregional chip liability shift using the same reason codes as the Global Chip Liability Shift Program before they can participate in the program.

### 2.8.2.3.1 Data Record Text

If the first chargeback was initiated under the Global Chip Liability Shift Program (using message reason code 4870 or 4871) but the transaction was ineligible, the acquirer's Second Presentment should use message reason code 2713 (Invalid Chargeback) and include in DE 72 (Data Record) the message CHIP LIABILITY NA or CHIP/PIN LIABILITY NA.

## 2.8.2.4 Participation

MasterCard will announce the effective date of participation of the country or region in a *Global Operations Bulletin.*

### 2.8.2.4.1 Voluntary Participation Criteria

Any country or region may participate in the Global Chip Liability Shift Program for interregional transactions if that country or region has done **all** of the following:

1. Stated its intention to migrate to EMV chip for its own country or region by a valid decision-making process (as defined in section 2.8.2.4.1.1 Valid Decision-making Processes.

2. Derived a chip liability shift program for domestic or intraregional transactions by a valid decision-making process that uses the same reason codes as the Global Chip Liability Shift Program.

3. Decided to participate in the Global Chip Liability Shift Program for interregional transactions by a valid decision-making process.

4. Notified MasterCard of its intent to participate in the Global Chip Liability Shift Program for interregional transactions (as defined in section 2.8.2.4.3 Notifying MasterCard of Intent to Participate).

### 2.8.2.4.1.1 Valid Decision-making Processes

**Country**—A country may mandate the EMV chip platform or chip/PIN transactions domestically, adopt a chip or chip/PIN liability shift for domestic transactions, or participate in the Global Chip Liability Shift Program for interregional transactions at Level 1 or Level 2 by an affirmative vote of that country's members that represents 75 percent of the currency volume of both acquiring and issuing transactions. This 75 percent currency volume comprises all MasterCard, Maestro, and Cirrus transactions.

**Region**—A region may mandate the EMV chip platform or chip/PIN on a regional basis, adopt a chip or chip/PIN liability shift for domestic transactions, intraregional transactions, and/or participate in the Global Chip Liability Shift Program for interregional transactions by an affirmative vote of that region's members that represents 75 percent of the currency volume of both acquiring and issuing transactions. This 75 percent currency volume comprises all MasterCard, Maestro, and Cirrus transactions.

When a region decides to adopt a chip liability shift for domestic transactions, intraregional transactions and/or participate in the interregional Global Chip Liability Shift Program, the decision applies to each country in the region unless a country or countries are specifically included or excluded.

### 2.8.2.4.2 Mandatory Participation

**Country**—MasterCard may require a country to implement a chip and/or chip/PIN liability shift for domestic transactions and, concurrently or subsequently, to participate in the Global Chip Liability Shift Program at Level 1 or Level 2, as appropriate.

**Region**—MasterCard may require a region to implement a chip and/or chip/PIN liability shift for domestic transactions, intraregional transactions and, concurrently or subsequently, to participate in the interregional Chip Liability Shift Program at Level 1 or Level 2, as appropriate. In such event, each country in the region will be required to participate, unless a country or countries are specifically excluded.

### 2.8.2.4.3 Notifying MasterCard of Intent to Participate

If a country or region has decided, by a valid decision-making process, to adopt a chip or chip/PIN liability shift for domestic or intraregional transactions, an authorized representative of the MasterCard country or region must notify MasterCard management in writing of the decision.

If a country or region has decided, by a valid decision-making process, to participate in the Global Chip Liability Shift Program for interregional transactions, an authorized representative of the MasterCard country or region must notify MasterCard management in writing to express the country or region's intent to participate. The notification must specify the level of participation (Level 1 or Level 2, as described in section 2.8.2.1 Levels of Participation) and scope, whether intraregional (for a country) or interregional with other like participants.

## 2.9 Indemnification

An acquirer presenting a record of a transaction shall be subject to the indemnity and other requirements set forth in the *MasterCard Rules* manual, including but not limited to Rule 3.3, Indemnity.

MasterCard reserves the right to audit a member's card acceptor records and files to ensure compliance with Rules 5.1 and 5.2 of the *MasterCard Rules* manual. Noncompliance may subject the member to chargebacks, noncompliance assessments, and other responsibilities and obligations set forth in the Standards.

The issuer must make a good-faith effort to limit the amount of any loss, damage, or costs, and the issuer must provide the acquirer with actual notice of any claim or proceeding.

## 2.10 Quick Payment Service (QPS) Program

The Quick Payment Service (QPS) program applies to qualifying members. For all requirements pertaining to the QPS program, please refer to the *Quick Payment Service Program Guide*.

A properly identified QPS transaction occurs when the following values are present in the First Presentment/1240 message.

**Table 2.3—First Presentment/1240 message values**

| Data Element | Subfield | Value |
|---|---|---|
| 22 (Point of Service Data Code) | 1 (Terminal Data: Card Data Input Capability) | One of the following:<br>• **2** (Magnetic stripe reader capability)<br>• **5** (Integrated circuit card (ICC) capability)<br>• **A** (PAN auto-entry via contactless magnetic stripe)<br>• **B** (Magnetic stripe reader and key entry capability)<br>• **C** (Magnetic stripe reader, ICC, and key entry capability)<br>• **D** (Magnetic stripe reader and ICC capability)<br>• **E** (ICC and key entry capability)<br>• **M** (PAN auto-entry via contactless M/Chip) |
| | 4 (Terminal Operating Environment) | One of the following:<br>• **1** (On card acceptor premises; attended terminal)<br>• **3** (Off card acceptor premises; attended) |
| | 5 (Cardholder Present Data) | 0 (Cardholder present) |

| Data Element | Subfield | Value |
|---|---|---|
| | 6 (Card Present Data) | 1 (Card present) |
| | 7 (Card Data: Input Mode) | One of the following:<br>• **2** (Magnetic stripe reader input)<br>• **A** (PAN auto-entry via contactless magnetic stripe)<br>• **B** (Magnetic stripe reader input; track data captured and passed unaltered)<br>• **C** (Online Chip)<br>• **F** (Offline Chip)<br>• **M** (PAN auto-entry via contactless M/Chip)<br>• **N** (Contactless input, *PayPass* Mapping Service applied (This value is visible only to issuers; acquirers use value A or M.) |
| 26 (Card Acceptor Business Code [MCC]) | | An eligible Quick Payment Service (QPS) MCC.<br>Refer to Appendix C, Chargeback Protection Amounts of this guide for eligible MCCs. |
| 43 (Card Acceptor Name/Location) | 1 (Card Acceptor Name), positions 20–22 | One of the following:<br>• **QPS**<br>• **Q** followed by two alphanumeric characters |

For properly identified QPS transactions equal to or less than the chargeback protection amount:

• Obtaining the cardholder's signature is at the card acceptor's option.

• Providing a receipt is at the card acceptor's option. However, the card acceptor must provide a receipt at the cardholder's request.

A properly identified QPS transaction equal to or less than the chargeback protection amount is protected against chargebacks under the following reason codes.

• 4801—Requested Transaction Data Not Received

• 4802—Requested/Required Information Illegible or Missing

• 4837—No Cardholder Authorization

Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts.

# 2.11 Time-Share Disputes

This section describes a frequently violated MasterCard rule, as defined below, and is only applicable to intra-European transactions.

A Europe acquirer must ensure that a time-share merchant must provide a full credit refund when the conditions below are both met:

- The transaction receipt was processed.

- The cardholder canceled the transaction within 10 calendar days of the transaction date.

MasterCard Europe recommends that any cancellation by the cardholder be sent by registered mail, requesting return receipt.

If the merchant does not provide the refund in accordance with the above conditions, the card issuer may file a chargeback under message reason code 4860, against the acquirer of the time-share merchant, in order to obtain a refund.

Refer to section 3.31.4 Proper Use for Issuer's First Chargeback of this guide for further details.

# 2.12 Processing *PayPass* Transactions

A transaction effected by use of a MasterCard *PayPass*™ card or device does not follow standard merchant acceptance procedures, since a *PayPass* card or device remains in the cardholder's possession throughout the transaction. Merchants are exempt from the requirements set forth in section 2.1.6.3 Obtain the Cardholder's Signature and section 2.1.6.4 Give the Cardholder a Copy of the Receipt sections, solely pertaining to the acceptance of a MasterCard *PayPass* card or device.

A properly identified *PayPass* transaction occurs when the following values are present in the Authorization Request/0100 message.

| Data Element | Subfield | Value |
|---|---|---|
| 22 (Point of Service [POS] Entry Mode) | 1 (POS Terminal PAN Entry Mode) | One of the following:<br>• **07** (PAN auto-entry via contactless M/Chip)<br>• **91** (PAN auto-entry via contactless magnetic stripe—the full track data had been read from the data on the card and transmitted within the authorization request in DE 35 [Track 2 Data] or DE 45 [Track 1 Data] without alteration or truncation) |
| 61 (Point-of-Service [POS] Data) | 11 (POS Card Data Terminal Input Capabilities) | One of the following:<br>• **3** (Contactless M/Chip)<br>• **4** (Contactless Magnetic Stripe) |

A properly identified *PayPass* transaction occurs when the following are present in the First Presentment/1240 message.

| Data Element | Subfield | Value |
|---|---|---|
| 22 (Point of Service Data Code) | 1 (Terminal Data: Card Data Input Capability) | One of the following:<br>• **A** (PAN auto-entry via contactless magnetic stripe)<br>• **M** (PAN auto-entry via contactless M/Chip) |
| 22 (Point of Service Data Code) | 7 (Card Data: Input Mode) | One of the following:<br>• **A** (PAN auto-entry via contactless magnetic stripe)<br>• **M** (PAN auto-entry via contactless M/Chip)<br>• **N** (Contactless input, *PayPass* Mapping Service applied [This value is visible only to issuer; acquirers use value A or M.]) |

For *PayPass* transactions equal to or less than the chargeback protection amount:

• Use of signature as the cardholder verification method (CVM) by the card acceptor is optional.

• Providing a receipt is at the card acceptor's option. The card acceptor must provide a receipt at the cardholder's request.

Refer to Appendix C, Chargeback Protection Amounts (Chargeback Protection Amounts) of this guide for the chargeback protection amounts.

A properly identified *PayPass* transaction (magnetic stripe read or M/Chip), equal to or less than the chargeback protection amount, is protected against chargebacks under the following message reason codes:

• 4801—Requested Transaction Data Not Received

• 4802—Requested/Required Information Illegible or Missing

• 4837—No Cardholder Authorization

Proof of CVM is not a valid second presentment remedy under message reason code 4837 for an intraregional *PayPass* transaction occurring in the Canada region that exceeds the chargeback protection amount.

## 2.12.1 Processing *PayPass* Transit Transactions

*PayPass* transit transactions are limited to specific MCCs and can be pre-funded, real-time authorized, or post-authorized aggregated.

### 2.12.1.1 Pre-funded

A pre-funded *PayPass* transit transaction occurs when the cardholder purchases value redeemable for future travel with a transit card acceptor. The purchased value is held by the transit card acceptor in an account linked to the cardholder's *PayPass* card or device. Any taps performed with the *PayPass* card or device following the purchase of value will reduce the value held with the transit card acceptor. As a result, these taps are not MasterCard purchase transactions or MasterCard *PayPass* purchase transactions. As stated above, the MasterCard purchase transaction or MasterCard *PayPass* purchase transaction occurs when the cardholder purchases value redeemable for future travel with a transit card acceptor.

A pre-funded *PayPass* transit transaction may be coded as a *PayPass* transaction only if the purchase transaction is effected by use of the contactless interface of a MasterCard *PayPass* card or device.

A pre-funded *PayPass* transit transaction must not be coded as a *PayPass* transaction if the transaction is contact chip-read, or magnetic stripe-read, or key-entered. Examples of key-entered transactions include, but are not limited to, mail order, telephone order, and e-commerce transactions.

The *PayPass* transit card acceptor follows its usual authorization procedures by generating an Authorization Request/0100 message for the full amount of the transaction.

**NOTE**

**The phrases "tap the *PayPass* card or device" and "*PayPass* tap" refer to the same series of actions: a cardholder touching the *PayPass* card or device to a *PayPass* terminal, the *PayPass* terminal reading the card data, and then the *PayPass* terminal flashing a light and making a sound.**

### 2.12.1.2 Real-time Authorized

A real-time authorized *PayPass* transit transaction occurs when the transit card acceptor generates an Authorization Request/0100 message each time a cardholder taps a *PayPass* card or device at the transit card acceptor's terminal.

The *PayPass* transit card acceptor follows its usual authorization procedures by generating an Authorization Request/0100 message for the full amount of the transaction.

### 2.12.1.3 Post-authorized Aggregated

A post-authorized aggregated *PayPass* transit transaction occurs when the transit card acceptor generates a First Presentment/1240 message combining one or more *PayPass* taps performed with one *PayPass* account number and occurring with one transit card acceptor.

In addition, in order for the *PayPass* transit card acceptor to receive chargeback protection all of the following:

- An Authorization Request/0100 message must be generated by the transit card acceptor for USD 1 (or the approximate equivalent in one whole unit of local currency; for example, EUR 1 or JPY 1).

- The issuer must approve the transaction.

- The combined amount must be equal to, or less than, the chargeback protection amount as published in Appendix C, Chargeback Protection Amounts of this guide.

- The maximum time period from the first *PayPass* tap until the First Presentment/1240 message is generated must be 14 calendar days or less.

Upon the cardholder's request, the transit card acceptor must provide a list of the *PayPass* taps that were combined into a First Presentment/1240 message.

In addition to the procedures in section 2.12 Processing *PayPass* Transactions, acquirers must ensure that all post-authorized aggregated *PayPass* transit transactions are properly identified with the values below.

A properly identified post-authorized aggregated *PayPass* transit transaction occurs when the following values are present in the Authorization Request/0100 message.

| Data Element | Subfield | Value |
|---|---|---|
| 18 (Merchant Type) | | One of the following:<br>• **4111** (Transportation-Suburban and Local Commuter Passenger, including Ferries)<br>• **4131** (Bus Lines) |
| 22 (Point-of-Service [POS] Entry Mode) | 1 (POS Terminal PAN Entry Mode) | One of the following:<br>• **07** (PAN auto-entry via contactless M/Chip)<br>• **91** (PAN auto-entry via contactless magnetic stripe—the full track data has been read from the data on the card and transmitted within the authorization request in DE 35 [Track 2 Data] or DE 45 [Track 1 Data] without alteration or truncation.) |
| 48 (Additional Data—Private Use) | 1 (Transaction Category Code [TCC]) | **X** (Airline and Other Transportation Services) |
| 61 (Point-of-Service [POS] Data) | 1 (POS Terminal Attendance) | **1** (Unattended terminal) |
| | 3 (POS Terminal Location) | **0** (On premises of card acceptor facility) |
| | 4 (POS Cardholder Presence) | **0** (Cardholder present) |
| | 5 (POS Card Presence) | **0** (Card present) |

| Data Element | Subfield | Value |
|---|---|---|
| | 6 (POS Card Capture Capabilities) | **0** (Terminal/Operator has no card capture capability) |
| | 7 (POS Transaction Status) | **0** (Normal request) |
| | 10 (Cardholder-Activated Terminal Level) | **0** (Not a CAT transaction) |
| | 11 (POS Card Data Terminal Input Capability) | One of the following:<br>• **3** (Contactless M/Chip)<br>• **4** (Contactless Magnetic Stripe) |

A properly identified post-authorized aggregated *PayPass* transit transaction occurs when the following values are present in the First Presentment/1240 message.

| Data Element | Subfield | Value |
|---|---|---|
| 22 (Point of Service Data Code) | 1 (Terminal Data: Card Data Input Capability) | One of the following:<br>• **A** (PAN auto-entry via contactless magnetic stripe)<br>• **M** (PAN auto-entry via contactless M/Chip) |
| | 3 (Terminal Data: Card Capture Capability) | **0** (No capture capability) |
| | 4 (Terminal Operating Environment) | **2** (On card acceptor premises; unattended terminal) |
| | 5 (Cardholder Present Data) | **0** (Cardholder present) |
| | 6 (Card Present Data) | **1** (Card present) |
| | 7 (Card Data: Input Mode) | One of the following:<br>• **A** (PAN auto-entry via contactless magnetic stripe)<br>• **M** (PAN auto-entry via contactless M/Chip)<br>• **N** (Contactless input, *PayPass* Mapping Service applied [This value is visible only to issuer; acquirers use value A or M.]) |
| 26 (Card Acceptor Business Code [MCC]) | | One of the following:<br>• **4111** (Transportation-Suburban and Local Commuter Passenger, including Ferries)<br>• **4131** (Bus Lines) |

## 2.12.2 *PayPass*-only Acceptance

*PayPass*-only transactions are limited to specific MCCs and unattended devices. A properly identified *PayPass*-only transaction occurs when the following values are present in the Authorization Request/0100 message.

| Data Element | Subfield | Value |
|---|---|---|
| 18 (Merchant Type) | | An MCC approved to be *PayPass*-only as published from time to time by MasterCard in the *Global Operations Bulletin.* |
| 22 (Point-of-Service [POS] Entry Mode) | 1 (POS Terminal PAN Entry Mode) | One of the following: <br>• 07 (PAN auto-entry via contactless M/Chip) <br>• 91 (PAN auto-entry via contactless magnetic stripe—the full track data has been read from the data on the card and transmitted within the authorization request in DE 35 [Track 2 Data] or DE 45 [Track 1 Data] without alteration or truncation.) |
| 61 (Point-of-Service [POS] Data) | 1 (POS Terminal Attendance) | 1 (Unattended terminal) |
| | 3 (POS Terminal Location) | One of the following: <br>• 0 (On premises of card acceptor facility) <br>• 1 (Off premises of card acceptor facility [merchant terminal—remote location]) |
| | 4 (POS Cardholder Presence) | 0 (Cardholder present) |
| | 5 (POS Card Presence) | 0 (Card present) |
| | 7 (POS Transaction Status) | 0 (Normal request) |
| | 10 (Cardholder-Activated Terminal Level) | One of the following: <br>• 1 (Authorized Level 1 CAT: Automated dispensing machine with PIN) <br>• 2 (Authorized Level 2 CAT: Self-service terminal) <br>• 3 (Authorized Level 3 CAT: Limited-amount terminal) |
| | 11 (POS Card Data Terminal Input Capability) | One of the following: <br>• 3 (Contactless M/Chip) <br>• 4 (Contactless Magnetic Stripe) |

A properly identified *PayPass*-only transaction occurs when the following values are present in the First Presentment/1240 message.

| Data Element | Subfield | Value |
|---|---|---|
| 22 (Point of Service Data Code) | 1 (Terminal Data: Card Data Input Capability) | One of the following:<br>• A (PAN auto-entry via contactless magnetic stripe)<br>• M (PAN auto-entry via contactless M/Chip) |
| | 4 (Terminal Operating Environment) | One of the following:<br>• 2 (On card acceptor premises; unattended terminal)<br>• 4 (Off card acceptor premises; unattended)<br>• 6 (Off cardholder premises; unattended) |
| | 5 (Cardholder Present Data) | 0 (Cardholder present) |
| | 6 (Card Present Data) | 1 (Card present) |
| | 7 (Card Data: Input Mode) | One of the following:<br>• A (PAN auto-entry via contactless magnetic stripe)<br>• M (PAN auto-entry via contactless M/Chip) |
| 26 (Card Acceptor Business Code [MCC]) | | An MCC approved to be *PayPass*-only as published from time to time by MasterCard in the *Global Operations Bulletin.* |

## 2.12.3 MasterCard *PayPass* M/Chip Transaction Offline Authorization Limit Amounts

This section applies to MasterCard® *PayPass*™ M/Chip transactions that take place at card acceptors located in Hong Kong, Macau, Malaysia, or Singapore.

If a MasterCard *PayPass* M/Chip transaction occurs at a card acceptor in a country and merchant category described below, and the transaction amount exceeds the amount specified, the transaction must be authorized online by the card issuer. If the transaction amount is equal to or less than the amount specified, the transaction may be authorized offline by the chip.

| Merchant Category | MCC | Hong Kong (HKD) | Macau (MOP) | Malaysia (MYR) | Singapore (SGD) |
|---|---|---|---|---|---|
| Automobile Parking Lots and Garages | 7523 | 500 | 500 | 150 | 100 |
| Book Stores | 5942 | 500 | 500 | 150 | 100 |
| Bridge and Road Fees, Tolls | 4784 | 500 | 500 | 150 | 100 |
| Bus Lines | 4131 | 500 | 500 | 150 | 100 |
| Car Washes | 7542 | 500 | 500 | 150 | 100 |
| Drug Stores, Pharmacies | 5912 | 500 | 500 | 150 | 100 |
| Dry Cleaners | 7216 | 500 | 500 | 150 | 100 |
| Fast Food Restaurants | 5814 | 500 | 500 | 150 | 100 |
| Grocery Stores, Supermarkets | 5411 | 500 | 500 | 150 | 100 |
| Limousines and Taxicabs | 4121 | 500 | 500 | 150 | 100 |
| Miscellaneous Food Stores, Convenience Stores, Markets, Specialty Stores, and Vending Machines | 5499 | 500 | 500 | 150 | 100 |
| Motion Picture Theaters | 7832 | 500 | 500 | 150 | 100 |
| Music Stores | 5735 | 500 | 500 | 150 | 100 |
| Newsstands and News Dealers | 5994 | 500 | 500 | 150 | 100 |
| Service Stations (with or without Ancillary Services) | 5541 | 500 | 500 | 150 | 100 |
| Transportation—Suburban and Local Commuter Passenger, including Ferries | 4111 | 500 | 500 | 150 | 100 |
| Video Entertainment Rental Stores | 7841 | 500 | 500 | 150 | 100 |

# 2.13 Refund of an Unreasonable Amount

This section describes a chargeback right that is available to issuers in the European Economic Area (EEA), as defined in Rule 10.1 of the *MasterCard Rules*, for intra-EEA transactions.

The issuer may file a chargeback under message reason code 4831 if the cardholder disputes an authorized transaction for the purchase of goods or services, provided the following conditions are met:

• The exact transaction amount was not specified at the time of authorization, and

- The transaction amount exceeded what the cardholder could reasonably have expected, taking into account the cardholder's previous spending pattern, the conditions of the cardholder agreement and the relevant circumstances of the case.

The chargeback right is effective for intra-EEA transactions occurring on or after 16 April 2010.

The chargeback must be accompanied by a cardholder letter identifying the disputed transaction and describing the circumstances of the dispute. The issuer may charge back the full amount of the transaction.

Refer to section 3.15 Message Reason Code 4831—Transaction Amount Differs of this guide for further details.

Message reason code 4859, RS7 should be used for disputes related to **loss, theft, or damage,** as well as for any disputed addendum charge where the cardholder does not agree with the additional items charged to his or her account.

# Information from the MasterCard Rules Manual

**NOTE**

**This section is a direct excerpt from the _MasterCard Rules_ manual. Members should cite the appropriate rule number when filing a compliance case.**

The following terms and conditions, if violated, may result in a member's initiating a dispute procedure. The compliance procedure may apply when no chargeback reason code exists to use as a remedy and where all good-faith efforts to resolve a dispute have failed, and the member can show direct financial loss. Refer to Chapter 5, Compliance Procedures of this guide for compliance procedures.

# Rule 5.4—Merchant Identification and Responsibility for Transactions

**Members should cite Rule 5.4.**

An Acquirer must ensure that each of its Merchants prominently and unequivocally informs the Cardholder of the identity of the Merchant at all points of interaction, so that the Cardholder readily can distinguish the Merchant from any other party, such as a supplier of products or services to the Merchant.

A Merchant Web site must:

1. Prominently display the name of the Merchant, and

2. Prominently identify the name of the Merchant as displayed on the Web site as both the Merchant and as the name that will appear on the Cardholder statement, and

3. Display Merchant name information as prominently as any other information depicted on the Web site, other than images of the products or services being offered for sale.

A Merchant must ensure that the Cardholder understands that the Merchant is responsible for the Transaction, including delivery of the products (whether physical or digital) or provision of the services that are the subject of the Transaction, and for customer service and dispute resolution, all in accordance with the terms applicable to the Transaction.

# Rule 5.6—Card Acceptance Requirements

An Acquirer must ensure that each of its Merchants complies with the Card acceptance requirements set forth in this Rule 5.6.

## Rule 5.6.1—Honor All Cards

**Members should cite Rule 5.6.1.**

A Merchant must honor all valid Cards without discrimination when properly presented for payment. A Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Card. A Merchant that does not deal with the public at large (for example, a private club) is considered to comply with this rule if it honors all valid and properly presented Cards of Cardholders that have purchasing privileges with the Merchant.

## Rule 5.6.2—Obtain an Authorization

**Members should cite Rule 5.6.2.**

When required by the Standards or by the Acquirer, the Merchant must obtain an authorization before completing a Transaction.

## Rule 5.6.3—Cardholder Identification

**Members should cite Rule 5.6.3.**

A Merchant must not refuse to complete a Transaction solely because a Cardholder who has complied with the conditions for presentment of a Card at the POI refuses to provide additional identification information, except as specifically permitted or required by the Standards. A Merchant may require additional identification from the Cardholder if the information is required to complete the Transaction, such as for shipping purposes. A Merchant in a country or region that supports use of the MasterCard Address Verification Service (AVS) may require the Cardholder's ZIP or postal code to complete a Cardholder-Activated Terminal (CAT) Transaction, or the Cardholder's address and ZIP or postal code to complete a mail order, phone order, or e-commerce Transaction.

For example, a Merchant may ask for additional identification information if a shipped-to address is required for the merchant to complete a mail order transaction.

This example is provided for illustration only and is not excerpted from the *MasterCard Rules* manual.

### Rule 5.6.4—Electronic Commerce Transactions

**Members should cite Rule 5.6.4.**

A Merchant must not refuse to complete an e-commerce Transaction solely because the Cardholder does not have a digital certificate or other secured protocol.

# Rule 5.7—Submitting Transactions

An Acquirer must ensure that each of its Merchants comply with the requirements for submitting Transactions to the Acquirer set forth in this Rule 5.7.

### Rule 5.7.1—Valid Transactions

**Members should cite Rule 5.7.1.**

A Merchant must submit to its Acquirer records of valid Transactions only between the Merchant and a bona fide Cardholder.

A Merchant must not submit to its Acquirer a Transaction that the Merchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that it knows or should have known to be authorized by a Cardholder colluding with the Merchant for a fraudulent purpose. For purposes of this Rule, the Merchant is deemed to be responsible for the conduct of its employees, agents, and representatives.

### Rule 5.7.2—Submit Transactions within Three Business Days

**Members should cite Rule 5.7.2.**

A Merchant must submit records of valid Transactions to its Acquirer no later than three bank business days after the Transaction date, except:

1. The record must not be presented until after the products are shipped or the services are performed unless, at the time of the Transaction, the Cardholder agrees to a properly disclosed delayed delivery of the products or services.

2. When the Merchant receives Cardholder authorization for a delayed presentment (in which case the words "Delayed Presentment" must be noted on the Transaction Information Document [TID]).

3. When the Merchant is obligated by law to retain the TID or return it to a buyer upon timely cancellation, in which case the Merchant should present the record within 10 business days after the Transaction date.

4. When the Merchant has multiple locations and uses a central facility to accumulate and present records to the Acquirer, in which event the Merchant must present the record in accordance with applicable law and, in any event, within 30 calendar days of the Transaction date.

If a chargeback right is not available, Rule 5.7.2 will address situations in which the Merchant's delay in processing a credit caused a financial loss due to currency fluctuation.

Rule 5.7.2 also addresses situations in which the cardholder has paid the "full" amount to a Merchant for merchandise that the Cardholder has agreed to pick up at the merchant location, and subsequently discovers, upon going to the merchant location, and discovers that the Merchant is bankrupt or out of business . The cardholder is then unable to receive the merchandise.

This example is provided for illustration only and is not excerpted from the *MasterCard Rules* manual.

# Rule 5.9—Prohibited Practices

An Acquirer must ensure that none of its Merchants engage in any of the prohibited practices set forth in this Rule 5.9.

## Rule 5.9.1—Discrimination

**Members should cite Rule 5.9.1.**

A Merchant must not engage in any acceptance practice that discriminates against or discourages the use of a Card in favor of any other acceptance brand.

## Rule 5.9.2—Charges to Cardholders

**Members should cite Rule 5.9.2.**

A Merchant must not directly or indirectly require any Cardholder to pay a surcharge or any part of any Merchant discount or any contemporaneous finance charge in connection with a Transaction. A Merchant may provide a discount to its customers for cash payments. A Merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used, or as the Corporation has expressly permitted in writing.

For purposes of this Rule:

1. A surcharge is any fee charged in connection with a Transaction that is not charged if another payment method is used.

2. The Merchant discount fee is any fee a Merchant pays to an Acquirer so that the Acquirer will acquire the Transactions of the Merchant.

### Rule 5.9.3—Minimum/Maximum Transaction Amount Prohibited

**Members should cite Rule 5.9.3.**

A Merchant must not require, or indicate that it requires, a minimum or maximum Transaction amount to accept a valid and properly presented Card.

### Rule 5.9.4—Scrip-dispensing Terminals

**Members should cite Rule 5.9.4.**

Cards must not be accepted at terminals that dispense scrip.

### Rule 5.9.5—Prohibited Transactions

**Members should cite Rule 5.9.5.**

A Merchant must not submit for payment into interchange, and a Member must not accept from a Merchant for submission into interchange, any Transaction that:

1.  Represents the refinancing or transfer of an existing Cardholder obligation that is deemed to be uncollectible, or

2.  Arises from the dishonor of a Cardholder's personal check, or

3.  Arises from the acceptance of a Card at a terminal that dispenses scrip.

### Rule 5.9.6—Other Forms of Payment

**Members should cite Rule 5.9.6.**

A Merchant must not accept any payment from a customer in any other form (for example, cash or check) with respect to a charge for products or services reflected on a TID resulting from the use of a Card. A Merchant also must not accept a Card as payment for products or services for which the Merchant has received or expects to receive payment in any other form, whether from the customer or a third party.

# Rule 5.10—Security Rules

An Acquirer must ensure that each of its Merchants and the Merchants' DSEs comply with all of the requirements set forth in this Rule 5.10.

## Rule 5.10.1—Sale or Exchange Information

**Members should cite Rule 5.10.1.**

A Merchant must not sell, purchase, provide, exchange or in any manner disclose Card account number, Transaction, or personal information of or about a Cardholder to anyone other than its Acquirer, to the Corporation, or in response to a valid government demand. This prohibition applies to Card imprints, TIDs, carbon copies, mailing lists, tapes, database files, and all other media created or obtained as a result of a Transaction.

## Rule 5.10.4—Data Storage Entity Identification

**Members should cite Rule 5.10.4.**

A Merchant must inform the Acquirer promptly of the identity of any Data Storage Entity (DSE) that the Merchant intends to afford access to Card account, Cardholder, or Transaction information.

# Rule 10A.3—Charges to Cardholders

**Members should cite Rule 10A.3.**

Rule 5.9.2 does not apply in the European Economic Area.

If a Merchant applies a surcharge for payment by Card, the amount or method of calculation of the surcharge must be clearly indicated to the Cardholder at the POI location and must bear a reasonable relationship to the Merchant's cost of accepting Cards.

# Chapter 3  Message Reason Codes

*This chapter details the procedures that members must follow for each individual message reason code.*

# Overview

This chapter lists the message reason codes in numeric order.

Members also will find tables that help identify the available chargebacks according to the dispute category.

Chargebacks fall into five categories. Refer to section 3.2 Authorization-related Chargebacks through 3.7 Errors in Processing or Procedure of this guide for information about chargeback categories:

- Authorization
- Fraud
- Cardholder disputes
- Retrieval request and documentation required
- Errors in processing or procedure

# 3.1 Additional Processing Notes

Each section from 3.10 Message Reason Code 4801—Requested Transaction Data Not Received through 3.36 Message Reason Code 4999—Domestic Chargeback Dispute (Europe Region Only) of this guide addresses a distinct message reason code. Some or all of those sections contain "Additional Processing Notes." Additional Processing Notes are not themselves chargeback requirements or conditions. Rather, Additional Processing Notes are provided to guide or illustrate particular circumstances or events and to address circumstances or events of frequent concern to members. MasterCard treats each chargeback distinctly and in light of the particular circumstances. As set forth in section 3.1 of the *MasterCard Rules* manual, MasterCard has the sole right to interpret such Corporation Standards, including those in this guide.

# 3.2 Authorization-related Chargebacks

The following message reason codes are authorization-related.

| Reason Code | Description |
| --- | --- |
| 4807 | Warning Bulletin File |
| 4808 | Requested/Required Authorization Not Obtained |
| 4812 | Account Number Not On File |

The transaction date (Date and Time, DE 12 [Local Transaction]) may be different from the actual sale or processing date. If an issuer verifies whether a transaction has been authorized, MasterCard suggests that the issuer check three days (at a minimum) on either side of the transaction date on its authorization logs.

### 3.2.1 Merchant Authorization Reversals

MasterCard has implemented merchant authorization reversals that allow merchants to cancel the original authorization amount, provided that the corresponding transaction has not been submitted into clearing.

After processing a merchant authorization reversal, if the transaction inadvertently is submitted to clearing and then is subsequently charged back for an authorization-related chargeback by the issuer, the acquirer may not submit a second presentment because the original authorization is no longer considered valid because of the existence of the merchant authorization reversal. However, if the issuer declines the merchant authorization reversal request, the acquirer retains second presentment rights up to the amount of the original authorization.

For more information, see Chapter 4, section 4.7.16 Example 16—Merchant Reversals of this guide.

## 3.3 Fraud-related Chargebacks

The following message reason codes are fraud-related:
- **4837**—No Cardholder Authorization
- **4840**—Fraudulent Processing of Transactions
- **4847**—Requested/Required Authorization Not Obtained and Fraudulent Transaction
- **4849**—Questionable Merchant Activity
- **4862**—Counterfeit Transaction Magnetic Stripe POS Fraud
- **4863**—Cardholder Does Not Recognize—Potential Fraud

  (Arbitration chargeback message reasons RS2 and RS3)
- **4870**—Chip Liability Shift
- **4871**—Chip/PIN Liability Shift

All fraud, including counterfeit transactions, must be reported to the System to Avoid Fraud Effectively (SAFE), whether or not the transaction results in a fraud-related chargeback. MasterCard may assess up to USD 1,000 per chargeback for every transaction that generated a fraud-related chargeback and was not reported to SAFE as specified in Chapter 1 of the *Complete SAFE Manual*. All information provided to SAFE must be accurate, complete, and reported in accordance with fraud reporting categories that MasterCard may establish from time to time.

For message reason codes 4837, 4840, 4847, 4862, 4870, and 4871 and fraud-related disputes for message reason codes 4835, 4857, 4863 RS2, and 4863 RS3, the issuer must supply an e-mail message or a signed cardholder declaration stating that the cardholder did not make or authorize the transaction.

Prompt reporting of fraud-related transactions helps to identify questionable card acceptor (merchant) activity more quickly and protects the member's chargeback rights.

# 3.4 MasterCard *SecureCode* and Universal Cardholder Authentication Field (UCAF) Liability Shift Program

An issuer located in a region that has not adopted an intraregional liability shift for merchant-only UCAF™ adoption for message reason codes 4837 and 4863 must implement MasterCard® *SecureCode*™.

Issuers in regions without a merchant-only liability shift are not required to implement MasterCard *SecureCode* on the following card types:

- All commercial cards, including MasterCard BusinessCard® card, MasterCard Executive BusinessCard® card, Debit MasterCard BusinessCard® card, MasterCard Corporate Card® card, MasterCard Corporate Executive Card® card, MasterCard Corporate Purchasing Card® card, MasterCard Corporate Fleet Card® card, and MasterCard Corporate Multi-Card® card, World MasterCard® for Business card, World Elite™ MasterCard® for Business card, MasterCard Corporate World™ card, and MasterCard® Corporate World Elite® card.
- Non-rechargeable prepaid cards
- Non-rechargeable stored value cards
- Non-rechargeable gift cards

Members should refer to the MasterCard *SecureCode Member Enrollment and Implementation Guide* for specific requirements for compliance with this mandate.

A MasterCard region that previously implemented an intraregional merchant-only liability shift may agree to require issuers in that region to implement MasterCard *SecureCode*. The following regions have additional requirements:

- All Asia/Pacific region members that participate as issuers in another international cardholder authentication program must certify that they have enabled their cardholder's and their e-commerce merchants for MasterCard *SecureCode*.
- All Canada region consumer card issuers must participate in the Activation During Shopping (ADS) method of cardholder enrollment in MasterCard *SecureCode*. Cardholders must complete enrollment on the first attempt, and the issuer must not allow cardholders to opt-out of the MasterCard *SecureCode* enrollment process. For purposes of this requirement, a consumer card is any MasterCard card issued under a consumer card BIN.

**Global MasterCard SecureCode Liability Shift:** MasterCard has implemented a global liability shift program under message reason codes 4837, 4849, and 4863 for e-commerce transactions when all of the following conditions occur:

- The card acceptor is UCAF-enabled.
- The issuer provided the UCAF data for that transaction.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

Processing procedures and applicable remedies for e-commerce transactions processed under the global liability shift program for message reason codes 4837, 4849, and 4863 are found in sections 3.18 Message Reason Code 4837—No Cardholder Authorization, 3.24 Message Reason Code 4849—Questionable Merchant Activity, and 3.33 Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud of this guide.

**Merchant-only Liability Shifts for Intraregional Transactions:** Some MasterCard regions have implemented intraregional liability shift programs under message reason codes 4837 and 4863 for e-commerce transactions when the card acceptor supports MasterCard *SecureCode*.

The liability for e-commerce transactions shifts from the acquirer to the issuer for message reason codes 4837 and 4863 intraregional chargebacks in the Europe, Asia/Pacific, Latin America/Caribbean, and South Asia/Middle East/Africa (SAMEA) regions when:

- The card acceptor is UCAF-enabled.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

The liability for e-commerce transactions shifts from the acquirer to the issuer for message reason codes 4837 and 4863 intraregional chargebacks in the Canada region when all of the following conditions occur:

- The card acceptor is UCAF-enabled.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuers approval of the transaction.
- The card is not a commercial card, including, without limitation, MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, MasterCard Corporate Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite.

**Global Merchant-only Liability Shift for Interregional Transactions:**
MasterCard has implemented a global merchant-only liability shift for interregional transactions. In the case of an interregional e-commerce transaction between members located in different regions, liability shifts from the acquirer to the issuer for a message reason code 4837 or 4863 chargeback when the card acceptor supports MasterCard *SecureCode* and **all** of the following conditions apply:

- The card acceptor is UCAF-enabled.
- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
- The Authorization Request Response/0110 message reflected the issuers approval of the transaction.

- The card is not a commercial card, including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card card, MasterCard Corporate Fleet Card, MasterCard Corporate Multi Card Card, World MasterCard for Business, MasterCard Professional Card, and MasterCard Small Business Multi Card.

## 3.4.1 Improper Use of Message Reason Code 4837

For intraregional e-commerce transactions in the Europe, Latin America/Caribbean, Asia/Pacific, and SAMEA regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data—Private Use), subelement 42 (Electronic Commerce Indicators) is **set to 1 or 2**.

- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

For interregional e-commerce transactions for members located in different regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicator) is **either**:

  – Set to **1** and the card is not a commercial card, including MasterCard BusinessCard Card, MasterCard Executive BusinessCard Card, Debit MasterCard BusinessCard Card, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, MasterCard Corporate Multi Card Card, World MasterCard, World MasterCard for Business, MasterCard Professional Card, and MasterCard Small Business Multi Card.

    Or

  – Set to **2**.

    And

- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

## 3.4.2 Proper Use for Acquirer's Second Presentment

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4837 in the Europe, Latin America/Caribbean, Asia/Pacific, and SAMEA regions and between members located in different regions under the merchant-only interregional liability shift for MasterCard *SecureCode* transactions.

**Table 3.1—Intraregional Liability Shifts**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer Authorized the Transactions |
| **Second Presentment Condition** | The acquirer can document that the transaction was approved and the card acceptor was UCAF-enabled. (DE 48, subelement 42 contained a UCAF collection Indicator value of **1** or **2** in the Authorization/0100 message).<br><br>All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL n |
| **Notes** | Replace **MMDDYY** with the date the issuer authorizated the transaction<br>Replace **NNNNNN** with the authorization approval code<br>Replace **n** of SL n with the value contained in DE48 s42 f3 of the authorization message |

**Table 3.2—SecureCode Interregional Liability Shifts**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer Authorized the Transactions |
| **Second Presentment Condition** | The acquirer can document all of the following:<br>• The transaction occurred between members located in different regions.<br>• The card was not a commercial card (including MasterCard Business Card, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite).<br>• The authorization request for the disputed transaction was approved by the issuer or its service provider.<br>• The UCAF collection indicator. (DE 48, subelement 42, position 3) contained the value of **1** in the Authorization/0100 message.<br>• All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL 1 |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

### 3.4.3 Improper Use of Message Reason Code 4863

For intraregional e-commerce transactions in the Europe, Latin America/Caribbean, Asia/Pacific, and SAMEA regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data—Private Use), subelement 42 (Electronic Commerce Indicators) is **set to 1 or 2**.

- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

For interregional e-commerce transactions between members located in different regions, the issuer may not use this message reason code if:

- The issuer or its agent authorized the transaction for which the UCAF collection indicator in DE 48 (Additional Data), subelement 42 (Electronic Commerce Indicator) is **either**:

    – Set to **1** and the card is not a commercial card, including MasterCard BusinessCard Card, MasterCard Executive BusinessCard Card, Debit MasterCard BusinessCard Card, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and MasterCard Corporate Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World Card, and MasterCard Corporate World Elite Card.

    Or

    – Set to **2**.

    And

- All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.

### 3.4.4 Proper Use for Acquirer's Second Presentment

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for the message reason code 4863 in the Europe, Asia/Pacific, Latin America/Caribbean, and SAMEA regions and between members located in different regions under the merchant-only intraregional liability shift for MasterCard *SecureCode* transactions.

**Table 3.3—Intraregional Liability Shifts**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer Authorized the Transactions |
| **Second Presentment Condition** | The acquirer can document that the transaction was approved and that the card acceptor was UCAF-enabled. (DE 48, subelement 42 contained a UCAF Status Indicator of **1 or 2**).<br>All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. |

| | |
|---|---|
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL n. |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction |
| | Replace **NNNNNN** with the authorization approval code |
| | Replace **n** of SL n with the value contained in DE48 s42 f3 of the authorization message |

**Table 3.4—SecureCode Interregional Liability Shifts**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008** <br> Issuer Authorized the Transactions |
| **Second Presentment Condition** | The acquirer can document all of the following: |
| | • The transaction occurred between members located in different regions |
| | • The card was not a commercial card (including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, and Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite). |
| | • The authorization request for the disputed transaction was approved by the issuer or its service provider. |
| | • The UCAF collection indicator. (DE 48, subelement 42, position 3) contained the value of **1** in the Authorization/0100 message. |
| | • All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL 1. |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction. |
| | Replace **NNNNNN** with the authorization approval code. |

# 3.5 Cardholder Dispute Chargebacks

The following message reason codes apply to cardholder disputes:

- **4841**—Cancelled Recurring Transaction
- **4853**—Cardholder Dispute—Defective Merchandise/Not as Described
- **4854**—Cardholder Dispute—Not Elsewhere Classified (U.S. region only)
- **4855**—Nonreceipt of Merchandise
- **4857**—Card-Activated Telephone Transaction
- **4859**—Services Not Rendered

Listed below are some key points to consider before charging back using any of the above cardholder dispute type message reason codes:

- Cardholder dispute chargebacks will not be available to the issuer for Payment Transactions.
- Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute.
- One of the following must be supplied:
  - A written complaint from the cardholder
  - An unedited e-mail message from the cardholder
  - Expedited Billing Dispute Resolution Process (Forms 407–411, 413, and 430) from the issuer
- The documentation must state the following:
  - The cardholder engaged in the transaction.
  - The cardholder returned or attempted to return the merchandise where applicable.
  - The cardholder contacted or attempted to contact the card acceptor to resolve the dispute. The cardholder must specify how he attempted to contact the merchant and the result of that contact. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.
  - The issuer may act on behalf of the cardholder and fulfill the preceding requirements by contacting the card acceptor or card acceptor's acquirer. This exception is permitted because geographic or other barriers can make it difficult for the cardholder to resolve the dispute directly with the card acceptor.
  - The card acceptor refused to make a price adjustment, repair or replace the goods or other items of value, provide the services, or issue a credit.
- In cases of a valid dispute, transaction disclosures or terms concerning, for example, a partial credit or a restocking fee are not applicable.
- Chargebacks are available to the issuer for MasterCard transactions in which any value usable for gambling is purchased at any gambling card acceptor. However, for all MasterCard transactions, issuers have no chargeback rights related to the use of these chips or value, unspent chips or value, or on any winnings resulting from use of such chips or value.

# 3.6 Retrieval Request and Documentation-related Chargebacks

The following message reason codes apply to chargebacks for retrieval request and documentation-related chargebacks:

- **4801**—Requested Transaction Data Not Received
- **4802**—Requested/Required Information Illegible or Missing
- **4863**—Cardholder Does Not Recognize—Potential Fraud

  (First chargeback only)

Refer to Chapter 6, Retrieval Requests and Fulfillments of this guide for information about retrieval request and fulfillments.

MasterCard Central Site edits will reject chargebacks for message reason codes 4801 and 4802 for the following reasons:

- The issuer did not submit a retrieval request.
- The issuer accepted the retrieval request fulfillment through the MasterCom® electronic imaging system.
- The issuer rejected the image, and MasterCom Image Review ruled in favor of the acquirer.
- The retrieval request date is more than 120 calendar days plus a ten-calendar day grace period from the Julian date in DE 31 (Acquirer Reference Data).
- The chargeback date is less than 30 calendar days after the Central Site Business Date of the Retrieval Request/1644-603 message, and the acquirer has not responded that the item is unavailable (retrieval response code E).

  **NOTE**

  **This edit applies only to message reason code 4801.**

- The issuer processes the chargeback more than 60 (120 for intra-European transactions) calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message.

**NOTE**

**The Julian Date is the day of the year in YDDD format. The year (Y) is the last number of the year, for example, 8 for 2008. The day (DDD) is expressed as a three-position number, with a range of 001–366.**

**For example:**
**001—1 January**
**140—20 May (non-leap year)**
**141—20 May (leap year)**

**This date is the Julian processing date that the acquirer assigned to the First Presentment/1240. It is presented in DE 31.**

# 3.7 Errors in Processing or Procedure

The following message reason codes generally apply to errors in processing or procedure:

- **4831**—Transaction Amount Differs
- **4834**—Duplicate Processing
- **4835**—Card Not Valid or Expired
- **4842**—Late Presentment
- **4846**—Correct Transaction Currency Code Not Provided
- **4850**—Credit Posted as Purchase
- **4860**—Credit Not Processed

Before using one of the above message reason codes, issuers should consider the following:

- The card acceptor or acquirer may have realized that there was an error and processed a credit to the cardholder's account.

- The card acceptor or acquirer could have issued a partial credit to the cardholder's account. For example, the card acceptor could have deducted handling or shipping charges from the transaction amount.

- A transaction that appears to have been duplicated actually may be two legitimate transactions.

- A transaction may be processed late (more than seven calendar days from the original transaction date). The cardholder still is responsible for payment if it is a legitimate transaction. (The issuer can charge back the transaction if the cardholder account number is permanently closed.)

- Chargebacks are available to the issuer for MasterCard transactions in which any value usable for gambling is purchased at any gambling card acceptor. However, for all MasterCard transactions issuers have no chargeback rights related to the use of these chips or value, unspent chips or value, or on any winnings resulting from use of such chips or value.

- A card acceptor is not obligated to accept returned merchandise or cancel services solely because the cardholder changed his or her mind. (This commonly is referred to as "buyer's remorse.") However, if the card acceptor does accept the returned goods or cancels the services, it must issue a credit to the cardholder's MasterCard account, unless the card acceptor properly disclosed its credit policy at the time of the transaction. (For example, the card acceptor disclosed that it would issue only an in-store credit when the cardholder returned the goods or cancelled the services.)

# 3.8 Progressive Handling Fees

The Progressive Handling Fee program applies only to non–face-to-face transactions excluding Cardholder-activated Terminal (CAT) Level 2 transactions.

**NOTE**

**Progressive handling fees do not apply to intra-European transactions.**

## 3.8.1 Progressive Handling Fee Overview

Members may process a handling fee in conjunction with message reason codes 4807, 4808, or 4847 as follows solely for all non–face-to-face transactions except CAT Level 2 transactions.

The handling fee, identified with the correct message reason code, compensates the member for the cost of processing one of the following, or for the cost of reversing an invalid handling fee (using message reason code 7627):

- First chargeback (message reason code 7622)

- Second presentment (message reason code 7623)

- Arbitration chargeback (message reason code 7624)

### 3.8.1.1 Issuer Use of Message Reason Code 7622

The issuer may collect a USD 25 handling fee when processing a chargeback by submitting an IPM Fee Collection/1740-700 message with message reason code 7622. The issuer must process its handling fee within five calendar days of the Central Site Business Date of the chargeback.

### 3.8.1.2 Acquirer Use of Message Reason Code 7623

The acquirer may collect a handling fee when processing a second presentment by submitting an IPM Fee Collection/1740-700 message with message reason code 7623, except when either:

- The acquirer is collecting a handling fee for the same transaction using an IPM Fee Collection/1740-700 message with message reason code 7627

- The second presentment contains corrected or previously omitted information that remedies the chargeback. (Such information may include, but is not limited to, a transaction date, card acceptor location, or authorization code.)

The amount of the handling fee is USD 50 plus the amount of the handling fee that the issuer previously collected for the chargeback, if any. The acquirer must process its handling fee within 15 calendar days of the Central Site Business Date of the second presentment. MasterCard will determine responsibility for the progressive handling fee if the chargeback is filed as an arbitration case.

### 3.8.1.3 Issuer Use of Message Reason Code 7624

The issuer may collect a handling fee when processing an arbitration chargeback that disputes the validity of the information provided by the acquirer with the second presentment. The issuer may collect the handling fee by submitting an IPM Fee Collection/1740-700 message with message reason code 7624. The amount of the handling fee is USD 50 plus the amount of any handling fee that the acquirer previously collected, whether for the second presentment, or to reverse the handling fee previously collected by the issuer for the chargeback, or both. The amount of the fee is restricted to USD 50 if the acquirer did not collect any handling fee associated with the second presentment. The issuer must process its handling fee within 15 calendar days of the Central Site Business Date of the arbitration chargeback. MasterCard will determine responsibility for the progressive handling fee if the chargeback is filed as an arbitration case.

### 3.8.1.4 Acquirer Use of Message Reason Code 7627—No MAC Provided

If the issuer collected a handling fee using an IPM Fee Collection/1740-700 message with message reason code 7622, but the transaction was a recurring payment transaction and the issuer's decline response did not include an associated Merchant Advice Code (MAC) as described below, the acquirer may collect a handling fee of USD 25 plus the amount that the issuer previously collected for the chargeback by submitting an IPM Fee Collection/1740-700 message with message reason code 7627. The acquirer must process the handling fee within 15 calendar days of receiving the IPM Fee Collection/1740-700 message with message reason code 7622. In the IPM Fee Collection/1740-700 message with message reason code 7627, the acquirer must include in DE 72 (Data Record) the information it received in DE 72 (Data Record) of the original message with message reason code 7622 and the code "NO MAC."

Message reason code 7627 applies because an issuer is not entitled to a handling fee if its response to a recurring payment authorization request, other than an approval that was properly identified, did not include a Merchant Advice Code.

The conditions below must be satisfied for an acquirer to collect the handling fee for "NO MAC" as described above:

• The authorization request was identified properly (DE 61, subfield 4 = 4 [Standing Order/Recurring Transaction])

  and

• The issuer's decline response did not include an associated MAC (DE 48, subelement 84) of 01, 02, or 03. (This does not include X-Code or Stand-In declines)

  and

• The clearing message was identified as a recurring transaction (DE 22 [Cardholder Present Data], subfield 5 value 4 [Cardholder not present; standing (recurring) transaction]).

### 3.8.1.5 Acquirer Use of Message Reason Code 7627—Face-to-Face or CAT Level 2 Transaction

If the acquirer receives a handling fee in an IPM Fee Collection/1740-700 message with message reason code 7622, but the transaction was either a face-to-face transaction or a CAT Level 2 transaction, the acquirer may collect a handling fee of USD 25 plus the amount that the issuer collected by submitting an IPM Fee Collection/1740-700 message with message reason code 7627.

The acquirer must process the handling fee within 15 calendar days of receiving the IPM Fee Collection/1740-700 message with message reason code 7622. In the IPM Fee Collection/1740-700 message with message reason code 7627, the acquirer must include in DE 72 (Data Record) the information it received in DE 72 of the original message with message reason code 7622 and the code **F2F** for a face-to-face transaction or the code **CT2** for a CAT Level 2 transaction.

Message reason code 7627 applies because an issuer is not entitled to a handling fee for a face-to-face transaction or CAT Level 2 transaction. The acquirer must provide the values listed in the table below in the First Presentment/1240 message to collect the handling fee as described above.

| For this type of transaction... | Provide these values in the First Presentment/1240 message... |
| --- | --- |
| A face-to-face transaction | In DE 22 (Point of Service Data Code): |
| | Value of **1** (Attended Terminal) in subfield 4 (Terminal Operating Environment) |
| | Value of **0** (Cardholder Present) in subfield 5 (Cardholder Present Data) |
| | Value of **1** (Card Present) in subfield 6 (Card Present Data) |
| A CAT Level 2 transaction | Value of **CT2** in PDS 0023 (Terminal Type) |

The **F2F or CT2** handling fee compensates the acquirer for the issuer's invalid handling fee and the cost of processing its reversal.

The acquirer cannot submit an IPM Fee Collection/1740-700 message with message reason code 7627 if the original presentment was not properly identified as a face-to-face transaction or CAT Level 2 transaction. However, if the acquirer can remedy the chargeback, then the acquirer can collect the progressive handling fee associated with the second presentment using message reason code 7623.

### 3.8.1.6 Required Fields in Fee Collection Messages

Members must include the following fields in every Fee Collection/1740-700 message in which DE 25 (Message Reason Code) contains a value of 7622, 7623, 7624, or 7627:

- DE 2 (Primary Account Number)
- DE 31 (Acquirer Reference Data)

- DE 72 (Data Record)
- DE 73 (Date, Action)

If any of the data elements described above are missing, incomplete, or invalid, the receiving member may return a Fee Collection/1740-700 message for the same amount originally received using the following:

- The original message reason code
- Applicable function code of 780 (Fee Collection Return), 781 (Fee Collection Resubmission), or 782 (Fee Collection Arbitration Return)

Members must retain the information provided in DE 72 (Data Record) from the original Fee Collection/1740-700 message. Members must use the remaining positions to describe the reason they are returning the Fee Collection/1740-700 message.

Reasons for returning a Fee Collection/1740 message may include:

- Primary Account Number (PAN) Missing
- Acquirer Reference Data Missing
- Data Record Missing
- Data Record Not Formatted Correctly
- Date Action Missing
- Fee Collection Time Frame Exceeded
- Incorrect Fee Amount

# 3.9 Chargeback Message Reason Codes

The following table is a summary of processing requirements.

| Chargeback Message Reason Codes | | Documentation Required | Retrieval Request Required | Time Frame | Section No. |
|---|---|---|---|---|---|
| 4801 | Requested Transaction Data Not Received | Sometimes | Yes | 60 | 3.10 |
| 4802 | Requested/Required Item Illegible or Missing | No | Yes | 60 | 3.11 |
| 4807 | Warning Bulletin File | No | No | 45 | 3.12 |
| 4808 | Requested/Required Authorization Not Obtained | No | No | 45 | 3.13 |
| 4812 | Account Number Not on File | No | No | 45 | 3.14 |
| 4831 | Transaction Amount Differs | Yes | No | 120 | 3.15 |
| 4834 | Duplicate Processing | No | No | 120 | 3.16 |
| 4835 | Card Not Valid or Expired | Sometimes | No | 120 | 3.17 |
| 4837 | No Cardholder Authorization | Yes | No | 120 | 3.18 |
| 4840 | Fraudulent Processing of Transactions | Yes | No | 120 | 3.19 |
| 4841 | Canceled Recurring Transaction | Sometimes | No | 120 | 3.20 |
| 4842 | Late Presentment | No | No | 120 | 3.21 |
| 4846 | Correct Transaction Currency Code Not Provided | Sometimes | No | 120 | 3.22 |
| 4847 | Requested/Required Authorization Not Obtained and Fraudulent Transaction | Yes | No | 120 | 3.23 |
| 4849 | Questionable Merchant Activity | No | No | 120 | 3.24 |
| 4850 | Credit Posted as a Purchase | No | No | 120 | 3.25 |
| 4853 | Cardholder Dispute—Defective/Not as Described | Yes | No | 120 | 3.26 |

| Chargeback Message Reason Codes | | Documentation Required | Retrieval Request Required | Time Frame | Section No. |
|---|---|---|---|---|---|
| 4854 | Cardholder Dispute—Not Elsewhere Classified (U.S. Region Only) | Yes | No | 120 | 3.27 |
| 4855 | Nonreceipt of Merchandise | Yes | No | 120 | 3.28 |
| 4857 | Card-Activated Telephone Transaction | Sometimes | No | 120 | 3.29 |
| 4859 | Services Not Rendered [1] | Yes | No | 120 [1] | 3.30 |
| 4860 | Credit Not Processed | Yes | No | 120 | 3.31 |
| 4862 | Counterfeit Transaction Magnetic Stripe POS Fraud | Yes | No | 120 | 3.32 |
| 4863 | Cardholder Does Not Recognize—Potential Fraud | Sometimes | No | 120 | 3.33 |
| 4870 | Chip Liability Shift | Yes | No | 120 | 3.34 |
| 4871 | Chip/PIN Liability Shift | Yes | No | 120 | 3.35 |
| 4999 | Domestic Chargeback Dispute **(Europe Region Only)** | Yes | No | 120 | 3.36 |

1 4859 Services Not Rendered "RS" Reasons:

RS 1 = Services not provided

RS 2 = Payment by other means

RS 3 = ATM dispute

RS 4 = Airline flight not provided

RS 5 = Guaranteed no-show:

        NS 1 = Has cancellation number

        NS 2 = No cancellation number

        NS 3 = Used accommodations

        NS 4 = Alternate accommodations provided

        NS 5 = Different rate debited

        NS 6 = Not advised of no-show

RS 6 = Payment Transaction

RS 7 = Addendum Dispute

## 3.9.1 First Chargeback: MTI 1442

**Function Code 450 (Full) / 453 (Partial)**

## 3.9.2 Second Presentment: MTI 1240

**Function Code 205 (Full) / 282 (Partial)**

### 3.9.2.1 Technical Return

| | |
|---|---|
| 2001 | Invalid Acquirer Reference Data; documentation was neither required nor received. |
| 2004 | Invalid Acquirer Reference Data on chargeback; documentation was received. |

### 3.9.2.2 Documentation Return

| | |
|---|---|
| 2002 | Nonreceipt of required documentation to support chargeback |
| 2709 | Documentation received was illegible |
| 2710 | Scanning error—unrelated documents or partial scan |

### 3.9.2.3 Substance Return

| | |
|---|---|
| 2003 | Correct transaction date provided |
| 2005 | Correct merchant location/description provided Issuer authorized transaction |
| 2008 | Issuer authorized transaction |
| 2011 | Credit previously issued |
| 2700 | See Corresponding Documentation/Chargeback Remedied |
| 2701 | Duplicate Chargeback |
| 2702 | Past Chargeback Time Limit |
| 2703 | Requested transaction document provided (requires hardship variance) |
| 2704 | Invalid member message text (Data Record) |
| 2705 | Correct MCC provided |
| 2706 | Authorization advised suspicious |
| 2707 | No authorization request required or attempted |

| | |
|---|---|
| 2708 | Account was not listed on the applicable Electronic Warning Bulletin as of the transaction date |
| 2713 | Invalid Chargeback |
| 2870 | Chip Liability Shift |
| 2871 | Chip/PIN Liability Shift |

## 3.9.3 Arbitration Chargeback: MTI 1442

**Function Code: 451 (Full); 454 (Partial)**

### 3.9.3.1 Technical Return

| | |
|---|---|
| 4905 | Invalid Acquirer Reference Data on Second Presentment/1240 (required documentation)<br>Must be used when Message 2001 is received from the acquirer |
| 4908 | Invalid Acquirer Reference Data on Second Presentment/1240 (required documentation)<br>Must be used when Message 2004 is received from the acquirer |

### 3.9.3.2 Documentation Return

| | |
|---|---|
| 4901 | Required documentation not received to support previous Second Presentment/1240. |
| 4902 | Documentation received was illegible. |
| 4903 | Scanning error—Unrelated documents or partial scan. |
| 4904 | Reserved |

## 3.9.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage

This section lists definitions for the Second Presentment/1240 IPM message reason codes.

**Table 3.5—Second Presentment/1240 IPM Message Reason Code Definitions**

| Message Reason Code | Definition |
|---|---|
| **2001—Invalid Acquirer Reference Data; Documentation was Received or was Not Required** | The acquirer must use this message reason code to notify the issuer that the combination of Primary Account Number and Acquirer Reference Data on the chargeback message does not match the information contained in the first presentment, and that documentation sent by the issuer was received or that no documentation was required to be sent. |
| **2002—Non-receipt of Required Documentation to Support Chargeback** | An acquirer must use this message reason code when documentation that is required to support the chargeback is not received. Acquirers must wait a minimum of eight calendar days from the first chargeback before using this message reason code. The acquirer may use this message reason code between days 9 and 45. |
| | The successful processing of a second presentment for this message reason code will block any attempt by the issuer to process an arbitration chargeback if the message reason code used during the first chargeback always requires documentation to support the chargeback. |
| | The acquirer must accept documentation received more than eight calendar days after processing the first chargeback as long as the acquirer has not yet processed a second presentment for this message reason code as of the time the documentation is received. |
| **2003—Correct Transaction Date Provided** | Acquirers must use this message reason code in cases where the chargeback may be remedied by providing the correct transaction date. |
| | For example, a first chargeback for message reason code 4807 (Warning Bulletin File) may be remedied if the transaction date for the first presentment was incorrect, and the acquirer may provide the correct transaction date and show that the account was not listed in the applicable Electronic Warning Bulletin. |
| **2004—Invalid Acquirer Reference Data on Chargeback; Documentation was received** | The acquirer must use this message reason code to notify the issuer that the combination of Acquirer Reference Data/Primary Account Number on the chargeback message does not match the information contained in the first presentment and that documentation that was received to support the issuer's first chargeback. |
| **2005—Corrected Merchant Location/Description Provided** | The acquirer must use this message reason code when it can remedy the first chargeback by providing new information in the form of a different merchant name or location. |
| | For example, to remedy a chargeback for message reason code 4808 (Requested/Required Authorization Not Obtained), an acquirer provides information confirming that the merchant's location is different from the location that appeared on the first presentment of the transaction. The new location may reveal that a different floor limit applies to the transaction and that authorization was not required, therefore remedying an issuer's initial chargeback. |

| Message Reason Code | Definition |
|---|---|
| **2008—Issuer Authorized the Transaction** | The acquirer must use this message reason code when it can remedy the first chargeback by providing information showing that the transaction was properly authorized by the issuer, its agent, or MasterCard. For example, an acquirer may remedy a chargeback for message reason code 4807 (Warning Bulletin File) if it can show that the transaction was authorized when the card was presented to the merchant for payment (for example, check-in for hotel stay). |
| **2011—Credit Previously Issued** | The acquirer must use this message reason code when it can remedy the first chargeback by showing that the merchant issued a credit to the cardholder's account. |
| | The Data Record must contain the date of the credit and, optionally, the Acquirer's Reference Data (ARD) of the credit. |
| **2700—See Corresponding Documentation/Chargeback Remedied** | An acquirer must use this message reason code when the remedy to the chargeback is included within the documentation supporting the second presentment, and no other message reason code is applicable to describe the remedy. |
| | For example, if the only remedy the acquirer has to a first chargeback for message reason code 4837 is providing a signed and imprinted TID, the acquirer must use this message reason code. If the second presentment is better described using another message reason then the message reason code that best describes the remedy must be used (for example, 2011 Credit Previously Issued). When using 2700, the documentation indicator must be 1 (Documentation Provided). |
| **2701—Duplicate Chargeback** | The acquirer must use this message reason code to remedy situations where the issuer has processed a first chargeback for the same transaction more than once. An exception to this rule occurs when the acquirer has previously remedied a first chargeback for message reason code 4802, and possibly 4801, when a hardship variance was granted. In such instances, the issuer is allowed to initiate a new first chargeback for a different message reason code. |
| | Please refer to section 3.10 Message Reason Code 4801—Requested Transaction Data Not Received and section 3.11 Message Reason Code 4802—Requested/Required Information Illegible or Missing of this guide for details. |
| **2702—Past Chargeback Time Limit** | The acquirer must use this message reason code when the issuer's first chargeback is processed past the time limit allowed for the chargeback. |
| **2703—Requested Transaction Documentation Provided (Hardship Variance)** | The acquirer must use this message reason code when processing a second presentment within the guidelines of a Hardship Variance that has been approved by MasterCard. A Hardship Variance may be granted in case of a natural disaster, and must be applied for by the acquirer, and approved by MasterCard. |
| | Refer to section 1.7.1 GCMS Support of Time Frames of this guide for additional information regarding hardship variances. |

| Message Reason Code | Definition |
|---|---|
| **2704—Invalid Member Message Text (Data Record)** | The acquirer must use this message reason code when information that is required to appear in the first chargeback's Data Record as stated in this guide, and the required message text (DE 72 [Data Record]) is missing or incomplete and the lack of such information renders the chargeback invalid. |
| | For example, the issuer processes a first chargeback for message reason code 4834 (Duplicate Processing) without including the Acquirer's Reference Data of the first transaction in the chargeback's Data Record. Without that information, the acquirer is unable to investigate the case properly, and therefore, the chargeback would become invalid. |
| **2705—Correct MCC Provided** | The acquirer must use this message reason code when remedying a chargeback by showing that the card acceptor business code (MCC) assigned to the merchant is different from the MCC appearing on the first presentment. |
| | For example, the acquirer may remedy a chargeback for message reason code 4808 (Requested/Required Authorization Not Obtained) by showing that the merchant belongs to a category for which the merchant is not required to request authorization for the transaction amount. |
| **2706—Authorization Advised Suspicious** | The acquirer must use this message reason code as described in Table 3.32. |
| **2707—No Authorization Required or Attempted** | The acquirer must use this message reason code when the transaction amount was below the applicable floor limit, and the merchant did not request an authorization. |
| **2708—Account was Not Listed on the Applicable Electronic Warning Bulletin as of the Transaction Date** | The acquirer must use this message reason code to remedy chargebacks for message reason code 4807 when the acquirer's investigation reveals that the issuer had not included the account number in the applicable Electronic Warning Bulletin as of the date the card was first presented to the merchant for payment. |
| **2709—Documentation Received was Illegible** | The acquirer must use this message reason code only when information that is relevant to the first chargeback is illegible to the point where it cannot be established that the first chargeback is valid. Acquirers must make every attempt to qualify the documentation before using this message reason code. If an arbitration case is filed as the result of the chargeback, and staff can validate that the documentation is legible, it will be determined that the acquirer processed an invalid second presentment. |
| **2710—Scanning Error—Unrelated Documents or Partial Scan** | This message reason code deals solely with the quality of the MasterCom scan of the documentation. **Do not use this message reason code if the substance of the documentation received shows that the issuer processed an invalid first chargeback.** The acquirer must use this message reason code when the first chargeback documentation does not correspond to the transaction being charged back (for example, the documentation concerns a different transaction) or when the documentation is incomplete because of a scanning error. |
| | For example, the documentation provided is a partial scan with missing information, or it relates to another card or to another transaction. |

| Message Reason Code | Definition |
|---|---|
| **2713—Invalid Chargeback** | The acquirer may use this message reason code when the first chargeback does not meet the prerequisites for that message reason code stated in this guide. |
| | For example, an issuer processes a chargeback for message reason code 4837 (No Cardholder Authorization), with a cardholder letter alleging nonreceipt of merchandise. Since message reason code 4837 does not address issues related to nonreceipt of merchandise, the issuer's first chargeback was invalid, it does not meet the prerequisites of message reason code 4837, which require the chargeback to include a cardholder letter stating that the transaction was not authorized. |
| | Acquirers must use care when using this message reason code; this message reason code is technical in nature and does not always address the true nature of the dispute. |
| **2870—Chip Liability Shift** | The acquirer must use this message reason code to invoke the chip liability shift in response and as a final remedy to a first chargeback submitted under message reason code 4807, 4812, 4837, 4857, or 4862. |
| | If the second presentment message reason code 2870 is valid, the issuer is prohibited from pursuing the dispute with an arbitration chargeback. |
| | Refer to section 2.8.2 Global Chip Liability Shifts in this guide for more information about the Global Chip Liability Shift Program. |
| **2871—Chip/PIN Liability Shift** | The acquirer may use this message reason code to invoke the chip/PIN liability shift in response and as a final remedy to a first chargeback submitted under message reason code 4837. |
| | If the second presentment message reason code 2871 is valid, the issuer is prohibited from pursuing the dispute with an arbitration chargeback. |
| | Refer to section 2.8.2 Global Chip Liability Shifts in this guide for more information about the Global Chip Liability Shift Program. |

## 3.9.5 Arbitration Chargeback/1442 IPM (Function Codes 451 or 454) Message Reason Code Usage

This section lists definitions for the Arbitration Chargeback/1442 IPM message reason codes.

**Table 3.6—Arbitration Chargeback/1442 IPM Message Reason Codes**

| Message Reason Code | Definition |
| --- | --- |
| **4901—Required Documentation Not Received to Support Second Presentment** | The issuer must use this message reason code when documentation that is required to support the second presentment is not received within eight calendar days of the second presentment. The issuer may use this message reason code between days 9 and 45 after the second presentment. The successful processing of an arbitration chargeback for this message reason code will forfeit the acquirer's right to send the case to arbitration. |
| | Documentation received more than eight calendar days after processing the second presentment must be accepted by the issuer, as long as the issuer has not yet processed an arbitration chargeback as of the time the documentation is received. |
| **4902—Documentation Received was Illegible** | The issuer must use this message reason code only when information that is relevant to the second presentment is illegible to the point where it cannot be established that the second presentment is valid. Issuers must make every attempt to try to qualify the documentation before using this message reason code. If staff can validate that the documentation is sufficiently legible to remedy the chargeback, the issuer will have processed an invalid arbitration chargeback. |
| **4903—Scanning error—Unrelated Documents or Partial Scan** | This message reason code deals solely with the quality of the MasterCom scan of the documentation. **Do not use this message reason code if the substance of the documentation received shows that the acquirer processed an invalid second presentment.** |
| | The issuer must use this message reason code when the second presentment documentation does not correspond to the transaction being charged back (such as; the documentation concerns a totally different transaction) or when the documentation is incomplete because of a scanning error. |
| | For example, a partial scan of a larger document or the documentation relates to another card or to another transaction. |
| **4905—Invalid Acquirer's Reference Data in Second Presentment; Documentation Not Received or not Required** | The issuer must use this message reason code in response to a second presentment using message reason code 2001. Refer to section 1.17.2 Arbitration Chargeback for more information about this message reason code. |
| **4908—Invalid Acquirer's Reference Data in Second Presentment; Documentation Received.** | The issuer must use this message reason code in response to a second presentment using message reason code 2004. Refer to section 1.17.2 Arbitration Chargeback for more information about this message reason code. |

| Message Reason Code | Definition |
|---|---|
| **48NN—Select Reason Codes Apply** | 48NN is an abbreviation that applies to the arbitration chargeback (cycle 3) showing one of two conditions: |
| | • The issuer continues the arbitration chargeback for the same message reason code as the original chargeback because the acquirer either failed to remedy the first chargeback or the issuer is providing progressive documentation (when appropriate) and the same message reason code used with the first chargeback still applies. |
| | • The second presentment documentation provides new information that remedies the original chargeback, but based on the second presentment, the issuer finds that a new and valid chargeback reason is applicable to the case. In such case, the issuer must change the message reason code to the new and valid chargeback reason with the processing of the arbitration chargeback (cycle 3). |
| **4801** | Requested transaction data not received |
| **4802** | Requested information illegible or missing |
| **4807** | Warning Bulletin File |
| **4808** | Requested/required authorization not obtained |
| **4812** | Account number not on file |
| **4831** | Transaction amount differs |
| **4834** | Duplicate processing |
| **4835** | Card not valid or expired |
| **4837** | No cardholder authorization |
| **4840** | Fraudulent processing of transaction |
| **4841** | Cancelled recurring transaction |
| **4842** | Late presentment |
| **4846** | Correct transaction currency code was not provided |
| **4847** | Requested/Required Authorization Not Obtained and Fraudulent Transaction |
| **4849** | Questionable merchant activity |
| **4850** | Credit posted as purchase |
| **4853** | Cardholder Dispute—Defective/Not as described |
| **4854** | Cardholder dispute not elsewhere classified **(U.S. only)** |
| **4855** | Nonreceipt of merchandise |
| **4857** | Card-activated phone transaction |
| **4859** | Services not rendered |

| Message Reason Code | Definition |
| --- | --- |
| **4860** | Credit not processed |
| **4862** | Counterfeit transaction; magnetic stripe POI fraud |
| **4863** | Cardholder Does Not Recognize—Potential Fraud |
| **4870** | Chip Liability Shift |
| **4871** | Chip/PIN Liability Shift |

# 3.10 Message Reason Code 4801—Requested Transaction Data Not Received

The following sections describe the proper and improper use of message reason code 4801.

## 3.10.1 Proper Use of Message Reason Code 4801

The issuer may charge back the amount of the requested item using message reason code 4801 if it did not receive an original, substitute draft, or copy of a transaction information document (TID) within 30 calendar days following the Central Site Business Date of the Retrieval Request/1644-603 message. The issuer must submit the chargeback within 60 calendar days of the Central Site retrieval request date. If the acquirer responded that it cannot provide the requested item (acquirer's response code E), the issuer may charge back immediately and does not have to wait 30 days.

The issuer may use reason code 4801 only when there is a justifiable reason for the cardholder not to pay the charge because the acquirer did not provide the requested item. For example, if a cardholder requested a copy of the transaction information document for his or her records, and neither the cardholder nor issuer incurred a financial loss, the issuer must not initiate this chargeback.

If the documentation that the acquirer provides through the MasterCom system does not satisfy the requirement for the retrieval request or the acquirer's response code of A, B, or C was invalid, the issuer must reject the item within 10 calendar days of receipt to Image Review. The issuer may not initiate a chargeback unless it receives a favorable response from Image Review.

## 3.10.2 Improper Use of Message Reason Code 4801

The issuer **may not** use this message reason code for the following types of transactions:

- Once a fulfillment has been received, a chargeback may not be processed even though fulfillment ocurred after 30 days.
- The retrieval request is submitted more than 120 calendar days after the Central Site Business Date of the original transaction or if the issuer received the fulfillment for the Retrieval Request/1644–603 message before the chargeback
- The transaction was a chip/PIN transaction where DE 55 and related data was provided in the First Presentment/1240 message.
- The transaction was a properly identified *PayPass* transaction equal to or less than the chargeback protection amount.

  Refer to section 2.12 Processing *PayPass* Transactions of this guide for more information about specific data element requirements for *PayPass* transactions.

  Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts.

- The transaction was a properly identified QPS transaction equal to or less than the chargeback protection amount. Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions.

- **For intra-European transactions**, this message reason code must be processed within 120 days of the Central Site Retrieval Request Date and must not be used if another message reason code is available. Proof of financial loss must be provided as support documentation.

## 3.10.3 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4801.

**Table 3.7—Requested Transaction Data not Received**

| | |
|---|---|
| **Time Frame** | One of the following: |
| | • Issuer must wait 30 calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message, and must submit the chargeback within 60 calendar days of the Central Site retrieval request date. |
| | • The issuer may charge back immediately if the acquirers response code was **E**. |
| **Retrieval Request** | Yes |
| **Supporting Documents** | No |
| | (Intra-European transactions require documentation. Refer to Table 3.8.) |
| **DE 72 (Data Record)** | DATE MMDDYY TYPE X CTL NNNNNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer submitted the retrieval request. |
| | Replace **X** with one of the following numeric codes used to identify the type of TID requested by the issuer: |
| | • **1** = Hard copy original document |
| | • **2** = Copy or image of original document |
| | • **4** = Substitute draft |
| | Replace **NNNNNNNNN** with the issuer's control number. The control number is only used by the issuer. |

**Table 3.8—Requested Transaction Data not Received (For Intra-European Transactions Only)**

| | |
|---|---|
| **Time Frame** | The issuer must wait 30 calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message and must submit the chargeback within 120 calendar days of the Central Site retrieval request date. |
| **Retrieval Request** | Yes |
| **Supporting Documents** | Yes. <br><br> Documentation that proves the issuer is facing financial loss because of the acquirer's non-fulfillment of the retrieval request. <br><br> For example, if the issuer is required under national law to supply a copy of a transaction receipt if the cardholder requests it, the issuer must supply a copy of the national law (and a translation if needed) and a cardholder letter requesting the transaction receipt copy. |
| **DE 72 (Data Record)** | DATE MMDDYY TYPE X CTL NNNNNNNNN |
| **Notes** | Replace **MDDDYY** with the date the issuer submitted the retrieval request <br><br> Replace **X** with one of the following numeric codes used to identify the type of TID request by the issuer: <br><br> • **1** = Hard copy original document <br> • **2** = Copy or image of original document <br> • **4** = Substitute draft <br><br> Replace **NNNNNNNNN** with the issuer's control number. The control number is only used by the issuer. |

## 3.10.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4801.

Second presentments are prohibited unless the acquirer has received and has been granted a hardship variance. Refer to section 1.7.1 GCMS Support of Time Frames for more information about hardship variance.

**Direct File Compliance.** In the event the acquirer has fulfilled a TID for a retrieval request prior to a chargeback, the acquirer has direct file compliance rights. The acquirer may direct file the compliance case against the issuer within 45 calendar days of the Central Site Business Date of the invalid chargeback, for a violation of section 3.10 Message Reason Code 4801—Requested Transaction Data Not Received of this guide. A pre-compliance letter before the case filing is not required.

For example, a chargeback would be considered invalid if the acquirer had fulfilled the retrieval request with a TID before the chargeback; the retrieval request was reversed; or for an intra-European transaction, the supporting documentation does not substantiate a financial loss directly linked to the nonfulfillment of the TID.

**Table 3.9—Requested Transaction Documentation Provided (For Intra-European Transactions Only)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2002**<br>Nonreceipt of required documentation to support chargeback |
| **Second Presentment Condition** | The acquirer did not receive any documentation to justify the issuer's financial loss. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | If the acquirer determines that the issuer's proof of financial loss is not sufficient to support the chargeback, the chargeback is invalid and the acquirer may direct file a compliance case against the issuer. |

**Table 3.10—Hardship Variance—Requested Transaction Documentation Provided**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2703**<br>Requested transaction document provided |
| **Second Presentment Condition** | The acquirer provided the requested documentation. |
| **Supporting Documents** | As applicable, a copy of the TID or substitute draft. |
| **DE 72 (Data Record)** | None |
| **Notes** | May only be used when a hardship variance was granted to the acquirer. |

## 3.10.5 Arbitration Chargeback

An arbitration chargeback does not apply for this message reason code, unless an issuer receives a legible copy of the TID through a second presentment from an acquirer that has been granted a hardship variance by MasterCard and, after viewing the document for the first time, determines that it has another chargeback right for a different reason, it must use the following procedure:

1. Issue a new First Chargeback/1442 message with a different message reason.

2. Submit the new chargeback within 45 calendar days of the second presentment or within the remaining allowable time frame for the new message reason, whichever is greater. This provides both the issuer and acquirer with the full three cycles to resolve the dispute.

Refer to section 1.7.1 GCMS Support of Time Frames for information about hardship variances.

# 3.11 Message Reason Code 4802—Requested/Required Information Illegible or Missing

The following sections describe the proper and improper use of message reason code 4802.

## 3.11.1 Proper Use of Message Reason Code 4802

The issuer may charge back the amount of the requested item using message reason code 4802 only with Image Review approval.

Refer to section 6.3.7 Image Review Guidelines for Rejecting Fulfillments of this guide for further information on image review guidelines for rejecting fulfillments.

## 3.11.2 Improper Use of Message Reason Code 4802

The issuer **may not** use this message reason code for the following types of transactions:

- The retrieval request is submitted more than 120 calendar days after the Central Site Business Date of the original transaction.
- The transaction was a chip/PIN transaction where DE 55 and related data was provided in the First Presentment/1240 message.
- The transaction was a properly identified *PayPass* transaction equal to or less than chargeback protection amount.

  Refer to section 2.12 Processing *PayPass* Transactions of this guide for more information about specific data element requirements for *PayPass* transactions.

  Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts.

- The transaction was a properly identified QPS transaction equal to or less than the chargeback protection amount.

  Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions.

**Requesting TID.** It is not a prerequisite to request a TID except for message reason codes 4801 and 4802. Consequently, it may be considered an improper delay in establishing the chargeback reason if it is determined that the requested TID was not required to determine the new message reason code.

## 3.11.3 Specific Programs Using Message Reason Code 4802

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

### 3.11.4 Proper Use for Issuer's First Chargeback

The condition shown below represents a valid option that the issuer may choose to process a first chargeback for message reason code 4802.

| | |
|---|---|
| **Time Frame** | 60 calendar days from the Central Site Business Date of the Retrieval Request/1644-603 message. |
| **Retrieval Request** | Yes |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | ILCDXX |
| **Notes** | Replace **XX** with one of the following codes and specify the missing or illegible information:<br>• **01**—Account number (A truncated account number on an electronically generated TID does not constitute missing or illegible information.)<br>• **02**—Transaction date<br>• **03**—Amount<br>• **04**—Invalid substitute draft<br>• **05**—Card acceptor name, card acceptor location, or both<br>• **06**—Other (specify in DE 72 [Data Record]) |

### 3.11.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4802.

**Table 3.11—Copy of TID**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer provides one of the following:<br>• Information that was previously missing or illegible<br>• A legible and complete copy of the TID |
| **Supporting Documents** | Copy of TID or invoice as appropriate |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.11.5.1 Additional Remedies

In addition to the codes in the previous section, acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4802:

- **2011**—Credit issued
- **2701**—Duplicate chargeback
- **2702**—Past chargeback time limit
- **2713**—Invalid chargeback

## 3.11.6 Arbitration Chargeback

The issuer may initiate an arbitration chargeback if it does not receive a legible or complete TID. However, the issuer must provide documentation with the arbitration chargeback to verify that it incurred or anticipates financial loss resulting from the missing or illegible information. The issuer cannot rely on the rule violation itself to justify the chargeback. To process an arbitration chargeback, the issuer must submit an Arbitration Chargeback/1442 message with message reason 4902 (Documentation Received was Illegible).

**Changing Chargeback Message Reason Code 4802 to a Different Chargeback Message Reason.** If an issuer receives a legible copy of the TID through a second presentment and, after viewing the document for the first time, determines that it has another right of chargeback for a different reason, the issuer must use the following procedure:

1. Issue a new First Chargeback/1442 message with a different message reason.

2. Submit the new chargeback within 45 calendar days of the second presentment or within the remaining allowable time frame for the new chargeback reason, whichever is greater. This provides both issuer and acquirer with the full three cycles to resolve the dispute.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4902**<br>Requested/Required Information Illegible or Missing |
| **Arbitration Chargeback Details** | No legible or complete TID received. |
| **Supporting Documents** | Proof of financial loss attributed to the missing or illegible information. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.11.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.12 Message Reason Code 4807—Warning Bulletin File

The following sections describe the proper and improper use of message reason code 4807.

## 3.12.1 Proper Use of Message Reason Code 4807

The issuer **may use** chargeback reason code 4807 if the following two conditions are met:

- The issuer receives a transaction that was not previously authorized with an approval response as specified in the *Authorization System Manual* or the Europe *Authorization Guide*.

- The account number was listed in the Electronic Warning Bulletin File on the date of the transaction for the region or subregion in which the transaction was acquired.

Transactions that result from accounts listed in the Electronic Warning Bulletin File are eligible for message reason code 4807 within the following time frames:

- The Electronic Warning Bulletin for region 1 (the U.S. region) provides next-day chargeback rights for account updates received before 18:00 St. Louis time.

- The Electronic Warning Bulletin File for regions A, B, C, D, and E provides chargeback rights on the third calendar day for account updates received before 18:00 St. Louis time. Chargeback rights for account updates received after 18:00 St. Louis time will occur on the fourth calendar day.

- All Subregional Electronic Warning Bulletin Files except France provide chargeback rights on the third calendar day for account updates received before 18:00 St. Louis time. Chargeback rights for account updates received after 18:00 St. Louis time will occur on the fourth calendar day.

- The Subregional Electronic Warning Bulletin File for France (country code 250) provides next-day chargeback rights for account updates received before 18:00 St. Louis time, unless the transaction takes place at a tollway card acceptor (MCC 4784). For transactions at tollway card acceptors in France, chargeback rights apply on the third calendar day for account updates received before 18:00 St. Louis time.

Eligibility for message reason code 4807 remains in effect until the account number is deleted from the Electronic Warning Bulletin File.

**Transaction Date.** DE 12 (Date and Time, Local Transaction) is the date that the card account number was first presented to the card acceptor location for payment. For GCMS transaction records submitted into interchange without a transaction date, the issuer can initiate a chargeback if the account number was listed in the applicable Electronic Warning Bulletin on any date within 15 calendar days before the Central Site Business Date.

**Purge Date.** The purge date is the last day for the chargeback right. The deletion takes place the following day.

**Face-to-Face Transactions.** Issuers must use the card acceptor location (as specified in DE 43 [Card Acceptor Name/Location], subfield 5 [State, Province, or Region Code]) to determine whether the account number was listed in the applicable regional Electronic Warning Bulletin File. If the issuer cannot determine the card acceptor location from DE 43, it may use any region of the Electronic Warning Bulletin File that listed the account number on the date of the transaction.

**Non-Face-to-Face Transactions.** The issuer can use message reason code 4807 for non–face-to-face or non-fixed card acceptor location transactions if the account number was listed in any region of the Electronic Warning Bulletin File on the transaction date. The issuer must indicate one of the regions in which the account number was listed in DE 72 (Data Record).

- Non–face-to-face transactions include (but are not limited to) mail order, phone order, and e-commerce transactions.

- A transaction aboard an airplane, train, or cruise ship is an example of a transaction at a location that is not fixed.

**Subregional.** Issuers must use both the card acceptor location, as specified in DE 43 and the merchant category code (as specified in DE 26 [Card Acceptor Business Code (MCC)]) to determine whether the account number was listed in the applicable subregional Electronic Warning Bulletin File.

## 3.12.2 Improper Use of Message Reason Code 4807

The issuer **may not use** this chargeback reason code for chip transactions where DE 55 and related data were provided in the First Presentment/1240 message.

The issuer cannot use message reason code 4807 for non-fixed card or non-face-to-face acceptor location transactions if the account number was listed only in one or more subregions of the Electronic Warning Bulletin on the transaction date.

## 3.12.3 Specific Programs Using Message Reason Code 4807

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.12.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4807.

**Table 3.12—Electronic Warning Bulletin File**

| | |
|---|---|
| **Condition** | Both of the following: <br>• When the transaction was not properly authorized. <br>• The account number was listed in the applicable Electronic Warning Bulletin File on the date of the transaction |
| **Time Frame** | 45 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following: <br>• R X <br>• C XXX <br>• R X S NN <br>• C XXX S NN |
| **Notes** | One of the following corresponding to the values in DE 72: <br>• For **R X**, replace **X** with the one character Electronic Warning Bulletin Region code in which the account number was listed. <br>• For **C XXX**, replace **XXX** with the three character country code. The country code can be alpha or numeric characters. <br>• For **S NN**, replace **NN** with the two character subregional code in which the account number was listed. <br><br>Refer to the *Quick Reference Booklet* for region, country, and subregional code abbreviations. |

**Table 3.13—Catastrophic Situations**

| | |
|---|---|
| **Condition** | In exceptional catastrophic situations, for group (GP) or series (SR) listings, defined by MasterCard and announced in the *Global Operations Bulletin* (Ops Bltn) and *Global Security Bulletin* (Sec Bltn) |
| **Time Frame** | 45 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following:<br>• GP SR Ops Bltn NN MMDDYY<br>• GP SR Sec Bltn NN MMDDYY |
| **Notes** | Replace **NN** with the number of the bulletin.<br>Replace **MMDDYY** with the date of the bulletin. |

## 3.12.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4807.

Members should refer to section 3.2.1 Merchant Authorization Reversals, Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals.

Refer to section 4.7.16 Example 16—Merchant Reversals of this guide for additional information.

**Table 3.14—Corrected Transaction Date**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2003**<br>Correct transaction date provided |
| **Second Presentment Condition** | The transaction date was incorrect or missing, and the acquirer can provide the correct date and show that the account was not listed on the correct date in the applicable Electronic Warning Bulletin. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS DATE MMDDYY NOT MMDDYY |
| **Notes** | In TRANS DATE MMDDYY, replace **MMDDYY** with the correct date of the transaction.<br>In NOT MMDDYY, replace **MMDDYY** with the incorrect transaction date. |

**Table 3.15—Correct Card Acceptor Location**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2005**<br>Correct card acceptor location/description provided |
| **Second Presentment Condition** | All of the following:<br>• The card acceptor location of the transaction was incorrectly described.<br>• The acquirer can provide the correct card acceptor location<br>• The acquirer can show that the account was not listed on the transaction date in the applicable Electronic Warning Bulletin. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | LOC XXX NOT NNN |
| **Notes** | Replace **XXX** with correct region, country, region subregion, or country subregion.<br>Replace **NNN** with the incorrect region, country, region subregion, or country subregion code.<br>Refer to the *Quick Reference Booklet* for region, country, and subregion code abbreviations. |

**Table 3.16—Authorized Transaction Face-to-Face**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | If authorization was obtained via the magnetic stripe through the Banknet telecommunications network, the acquirer can substantiate that the transaction was card-read because the authorization shows the account number was electronically obtained from the card's magnetic stripe, and that the cardholder account number was identical to the account number in the Authorization Request/100 message and First Presentment/1240 message were identical. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTHORIZED MMDDYY NO. NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code provided by the issuer. |

**Table 3.17—Authorized Transaction Non–Face-to-Face**

| IPM Second Presentment Message Reason Code | **2008** <br> Issuer authorized transaction |
|---|---|
| **Second Presentment Condition** | The acquirer properly identified the transaction as a non–face-to-face transaction in the authorization record, and it received authorization as specified in the MasterCard *Authorization System Manual* or Europe *Authorization Guide*. <br><br> For example, a properly identified non–face-to-face transaction must have a **TCC** of **T** in the authorization request. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS AUTHORIZED MMDDYY NO. NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized. <br><br> Replace **NNNNNN** with the authorization approval code provided by the issuer. |

**Table 3.18—Chip—DE 55 Not Provided in First Presentment/1240 Message**

| IPM Second Presentment Message Reason Code | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
|---|---|
| **Second Presentment Condition** | Both of the following: <br> • The acquirer can prove that the transaction was a valid chip transaction. <br> • The transaction did not require online authorization and DE 55 and related data was not provided in the First Presentment/1240 message. |
| **Supporting Documents** | DE 55 and related data |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.19—Account Number Not Listed in Region, Country, or Subregion of Electronic Warning Bulletin File**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2708**<br>Account was not listed in the applicable Electronic Warning Bulletin File as of the transaction date |
| **Second Presentment Condition** | The acquirer can show that the account number was not listed in the applicable region, country, or subregion of the Electronic Warning Bulletin File as of the transaction date. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following:<br>• NOT REGION X MMDDYY<br>• NOT COUNTRY XXX MMDDYY<br>• NOT REGION X SUBREGION NN MMDDYY<br>• NOT COUNTRY XXX SUBREGION NN MMDDYY |
| **Notes** | For **REGION X**, replace **X** with the one character Electronic Warning Bulletin Region code.<br><br>For **COUNTRY XXX**, replace **XXX** with the three character country code. The country code can be alpha or numeric characters.<br><br>For **SUBREGION NN**, replace **NN** with the two character subregional code<br><br>In all cases, replace **MMDDYY** with the date of the transaction.<br><br>Refer to the *Quick Reference Booklet* for region, country and subregional code abbreviations.<br><br>The transaction was at a hotel/motel or vehicle rental location and the account was not listed in the applicable Electronic Warning Bulletin File when the cardholder checked into the hotel/motel or took possession of the vehicle. |

**Table 3.20—Hotel/Motel or Vehicle Rental—Account Not Listed in Electronic Warning Bulletin File**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2708**<br>Account was not listed in the applicable Electronic Warning Bulletin File as of the transaction date |
| **Second Presentment Condition** | The transaction was at a hotel/motel or vehicle rental location and the account was not listed in the applicable Electronic Warning Bulletin File when the cardholder checked into the hotel/motel or took possession of the vehicle. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following:<br>• MERCH IS HOTEL/MOTEL MMDDYY<br>• MERCH IS VEHICLE RENTAL MMDDYY |
| **Notes** | Replace **MMDDYY** with the date the cardholder checked into the hotel/motel or took possession of the vehicle. |

**Table 3.21—Non-Face-to-Face/Non-Fixed—Account Not Listed in Electronic Warning Bulletin File**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2708**<br>Account was not listed in the applicable Electronic Warning Bulletin File as of the transaction date |
| **Second Presentment Condition** | One of the following:<br>• For a non–face-to-face or non-fixed card acceptor location, the acquirer can show that the account number was not listed in any region of the Electronic Warning Bulletin File.<br>• The acquirer can show that the transaction was not at a non–face-to-face or non-fixed card acceptor location, and the account number was not listed in the applicable Electronic Warning Bulletin File. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | NOT REGION X MMDDYY |
| **Notes** | For **REGION X**, replace **X** with the one character Electronic Warning Bulletin Region code.<br>Replace **MMDDYY** with the date of the transaction. |

**Table 3.22—Chip—DE 55 Provided in First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713** <br> Invalid Chargeback |
| **Second Presentment Condition** | Both of the following: <br> • The acquirer can prove that the transaction was a valid chip transaction. <br> • DE 55 and related data was provided in the First Presentment/1240 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | DE 55 PREVIOUSLY PROVIDED |
| **Notes** | None |

**Table 3.23—Chip Liability Shift**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2870** <br> Chip Liability Shift |
| **Second Presentment Condition** | The transaction was between members that participate in the Global Chip Liability Shift Program and the transaction either was: <br> a. **Less than** the card acceptor's floor limit and occurred at a hybrid terminal, and was initiated with a non-EMV chip card. <br> b. **Greater than** the card acceptor's floor limit, occurred at a hybrid terminal, and was initiated with a non-EMV chip card. In this case, the acquirer must show that the issuer authorized the transaction. <br> This is a final remedy. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following corresponding to the second presentment condition: <br> a. None <br> b. TRANS AUTHORIZED MMDDYY NO. NNNNNN |
| **Notes** | None |

### 3.12.5.1 Additional Remedies

In addition to the codes in the previous section, acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4807:
- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2011**—Credit previously issued
- **2700**—Chargeback remedied. See corresponding documentation.
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2704**—Invalid member message text

### 3.12.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4807).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4807** <br> Warning Bulletin File |
| **Arbitration Chargeback Details** | The second presentment failed to remedy the chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Reason for the return |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

- **48xx**—New and valid chargeback reason

- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240/2001; Documentation was Provided or was not Required

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

### 3.12.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

### 3.12.8 Handling Fees

Refer to section 3.8 Progressive Handling Fees for the standard procedure.

# 3.13 Message Reason Code 4808—Requested/Required Authorization Not Obtained

The issuer must attempt to honor the transaction before exercising this chargeback right.

## 3.13.1 Proper Use of Message Reason Code 4808

The issuer may charge back a transaction under this message reason code if one of the following circumstances occurs:

- The transaction was face-to-face, card-read or key-entered, occurred at a location with a POS device that had both online and magnetic stripe-read capability, and was not authorized.

- The transaction was non–face-to-face and was not authorized.

- A magnetic stripe-read transaction was performed at a POI terminal located in the Europe region with at least magnetic stripe reading capability, the card had a service code of X2X (Positive Online Authorization Only), and the transaction was not authorized.

- The transaction amount exceeded the floor limit established by MasterCard in effect at the time of purchase, and was not authorized.

- The authorization request was declined, even if the transaction was below the card acceptor's floor limit.

- Technical fallback and CVM fallback transactions that were not authorized.

**Partial Authorization.** If the issuer authorized the transaction for less than the settled amount, it may charge back only the unauthorized portion of the amount.

**Partial Authorization of Automated Fuel Dispenser (MCC 5542) transactions.** If an Authorization Request/0100 message indicates that an automated fuel dispenser card acceptor supports partial authorization, and the transaction amount exceeds the partial approval amount in DE 6 of the Authorization Request Response/0110 message, the issuer may charge back the difference between the transaction amount and the partial approval amount. This applies even if the authorization request was for USD 1 from a U.S. region card acceptor.

**International transactions** that were converted to a different currency, the issuer must provide the following information in DE 72 (Data Record) of the First Chargeback/1442 message:

- Amount of the transaction in the transaction currency

- Applicable MasterCard floor limit in the location where the transaction took place

- Appropriate card acceptor business code (MCC) (optional)

- For transactions that occur outside the U.S. region, issuers may use this message reason code only if the settled transaction amount exceeds the amount authorized by more than 10 percent. This rule allows for different currency conversion rates that could have been applicable on the authorization and processing dates.

**CAT Level 3.** For transactions identified as CAT Level 3 in the acquirer's First Presentment/1240 message, an issuer may charge back any transaction greater than the maximum transaction amount of one of the following:

* EUR 25 for *PayPass*-only transactions occurring in Germany or

    – CHF 40 for *PayPass*-only transactions occurring in Switzerland or

    – PLN 50 for *PayPass*-only transactions occurring within Poland or

    – GBP 10 for *PayPass*-only transactions occurring in the United Kingdom at:

      Any type of parking meter properly identified with MCC 7523 (Automobile Parking Lots and Garages).

      "Select first" vending machines properly identified with MCC 5499 (Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores). "Select first" vending machines require the cardholder to make a selection before initiating payment.

      Refer to section 2.12.2 *PayPass*-only Acceptance of this guide for information on *PayPass*-only acceptance.

* EUR 50 for intra-European transactions
* USD 40 for all other transactions

**Multiple Authorizations.** Before charging back, issuers must consider that vehicle rental and hotel/motel transactions might have multiple authorizations. The transaction date can be different from the actual sale date. Additionally, issuers must consider that a single authorization for multiple airline first presentments may be for the total of all the airline first presentments. MasterCard suggests that issuers check their authorization logs for at least three days before and three days after the transaction date.

**Merchant Advice Code.** MasterCard strongly recommends that the issuer provide a Merchant Advice Code (MAC) in DE 48 (Additional Data—Private Use), subelement 84 (Merchant Advice Code) of each Authorization Request Response/0110 message in which a decline response is given. Refer to Chapter 11 of the *Authorization System Manual* for a list of valid MAC values.

**Online-Capable POS Device.** MasterCard defines an online-capable POS device as any device that electronically contacts the acquirer's host for the purpose of obtaining an authorization.

**Magnetic Stripe POS Device.** Magnetic stripe POS devices are identified in GCMS DE 22 subfield 1 (Terminal Data: Card Data Input Capability) with the following values:

* **2**—Magnetic stripe reader capability

* **B**—Magnetic stripe reader and key-entry capability

* **C**—Magnetic stripe reader, integrated circuit card (ICC), and key-entry capability

* **D**—Magnetic stripe reader and ICC capability

### 3.13.2 Improper Use of Message Reason Code 4808

The issuer may not use this message reason code for the following types of transactions:

- Valid chip transactions where DE 55 and related data were provided in the First Presentment/1240 message.

- The issuer provided authorization for an amount greater than the amount settled.

- The issuer authorized amount and the actual transaction amount are within the following parameters:

  – Gratuity is added—20 percent

  – Hotel/Motel—15 percent

  – Vehicle Rental—15 percent

  – Cruise Lines—15 percent (For further information, refer to section 2.1.3 Obtaining an Authorization for Hotel/Motel, Cruise Line, and Vehicle Rental Transactions and section 2.1.4 Obtaining an Authorization When a Gratuity is Added of this guide.)

- The issuer cannot charge back a properly identified *PayPass* transit transaction at a transit card acceptor for any amount equal to or less than the chargeback protection amount, if all of the following:

  – An Authorization Request/0100 message was generated by the transit card acceptor for USD 1 (or the approximate equivalent in one whole unit of local currency; for example, EUR 1 or JPY 1).

  – The issuer approved the transaction.

  – The transaction amount was equal to or less than the chargeback protection amount as published in Appendix C, Chargeback Protection Amounts of this guide.

  – The maximum time period from the first *PayPass* tap until the First Presentment/1240 message is generated was 14 calendar days or less.

  If the transaction amount exceeds the chargeback protection amount, then the issuer may charge back only the difference between the transaction amount and the chargeback protection amount.

- Automated Fuel Dispenser (MCC 5542). The issuer cannot charge back a transaction effected with a MasterCard Corporate Card®, MasterCard Corporate Executive Card®, MasterCard Corporate Fleet Card®, or MasterCard Corporate Purchasing Card™, and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 150, if the transaction was identified in the authorization request with MCC 5542 and CAT 2, and authorized by the issuer for USD 1.

  The issuer cannot charge back a transaction effected with any other MasterCard card and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 100, if the transaction was identified in the authorization request with MCC 5542 and CAT 2, and authorized by the issuer for USD 1. If the transaction amount exceeds USD 100, the issuer may charge back only the difference between the transaction amount and USD 100.

### 3.13.3 Specific Programs Using Message Reason Code 4808

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.13.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4808.

| | |
|---|---|
| **Time Frame** | 45 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None; or optimally one of the following: <br><br> • **For international transactions or for international transactions that were converted to a different currency:** TRANS CUR $$$$$$$$ MCFL $$$$$$$ and optionally, MCC NNNN <br><br> • **For *PayPass*-only CAT 3 transactions occurring in Germany, Poland, Switzerland, or the United Kingdom at one of the following:** <br><br>   – Any type of parking meter properly identified with MCC 7523 (Automobile Parking Lots and Garages) <br><br>   – "Select first" vending machines properly identified with MCC 5499 (Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores). "Select first" vending machines require the cardholder to make a selection before initiating payment: <br><br>     CAT LEVEL 3 EXCEEDS PAYPASS <br><br> • For a magnetic stripe-read transaction involving a card with service code X2X that was performed at a POI terminal located in the Europe region: SC X2X <br><br> • **For all other CAT3:** LAT LEVEL 3 EXCEEDS USD 40 <br><br> • **For Intra-European CAT 3 transactions:** LAT LEVEL 3 EXCEEDS EURO 50 <br><br> • **For any declined transaction:** AUTHORIZATION DECLINED MMDDYY |
| **Notes** | Replace TRANS CUR **$$$$$$$$** with the amount of the transaction currency. <br><br> Replace MCFL **$$$$$$$** with the MasterCard floor limit. <br><br> Optionally, replace **NNNN** with the Merchant Category Code (MCC) of the transaction. <br><br> Replace **MMDDYY** with the date the authorization request was declined. |

## 3.13.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4808.

Members should refer to section 3.2.1 Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. Refer to section 4.7.16 Example 16—Merchant Reversals of this guide for additional information.

**Banknet network "refers" authorization response.** An acquirer must contact the issuer for further instructions concerning the transaction as a result of a Banknet network "refer" authorization response. Acquirers may use GARS to connect with the issuer. In such cases, there may be no electronic record of the authorization code, because it may have been communicated verbally by the issuer. MasterCard records will show that the connection between the card acceptor, or acquirer, and the issuer has been made. Therefore, the issuer must use its internal authorization logs, or other such media, that report authorization responses given as a result of "call referral" response if the acquirer provides documentation that substantiates approval was given for the transaction when the acquirer connected with the issuer via GARS or a telex.

**Table 3.24—Incorrect Transaction Date**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2003**<br>Correct transaction date provided. |
| **Second Presentment Condition** | The acquirer must document that the transaction was authorized, but was processed with an incorrect transaction date, by providing both the correct and incorrect transaction dates. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS DATE MMDDYY NOT MMDDYY |
| **Notes** | In **TRANS DATE MMDDYY**, replace **MMDDYY** with the correct transaction date.<br>In **NOT MMDDYY**, replace **MMDDYY** with the incorrect transaction date. |

**Table 3.25—Corrected Information**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | One of the following:<br>a.  **2005** Correct card acceptor location/description provided<br>b.  **2705** Correct MCC provided |
| **Second Presentment Condition** | One of the following corresponding to the IPM Second Presentment message reason code:<br>a.  The acquirer must document that the transaction was improperly described when originally presented.<br>b.  The acquirer must document that the transaction did not require authorization. (For example, the acquirer can provide the correct MCC.) |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following corresponding to the IPM Second Presentment message reason code:<br>a.  Correct card acceptor location/description<br>b.  MCCNNNN |
| **Notes** | Replace **NNNN** with the Merchant Category Code (MCC) of the transaction. |

**Table 3.26—Authorized Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | One of the following:<br>•  The acquirer may document that the card acceptor received authorization for the transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer.<br>•  The transaction occurred at an automated fuel dispenser in the U.S. region, the approved USD 1 authorization request identified with MCC 5542 and CAT 2 did not contain the Partial Approval Terminal Support Indicator, and the transaction amount did not exceed USD 150 when effected with a MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Fleet Card, or MasterCard Corporate Purchasing Card or USD 100 when effected with any other MasterCard card. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS AUTHORIZED MMDDYY NO.NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 3.27—GARS "Call Referral" or Telex**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer proves that the card acceptor received authorization for the transaction amount or greater as a result of a GARS "call referral" or telex to the issuer. |
| **Supporting Documents** | Authorization log or documentation substantiating that the acquirer or card acceptor had connected with the issuer via GARS or telex. |
| **DE 72 (Data Record)** | CALL REFERRAL AUTH MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 3.28—Multiple Authorizations**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer-authorized transaction |
| **Second Presentment Condition** | The acquirer must document that the card acceptor (such as, hotel, motel, or vehicle rental) received multiple authorizations for the transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer. |
| **Supporting Documents** | Copies of logs showing the multiple authorizations |
| **DE 72 (Data Record)** | MULTIPLE AUTHORIZATIONS |
| **Notes** | None |

**Table 3.29—Partial Authorization**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer must document the partial authorization by providing the amount that was approved, the authorization approval code, and the date of the authorization. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | $$$$$$ CODE XXXXXX MMDDYY |
| **Notes** | The acquirer can submit a second presentment only for the authorized amount with a function code of 282 (Partial Amount).<br>Replace **$$$$$$** with the transaction amount approved by the issuer.<br>Replace **XXXXXX** with the authorization approval code.<br>Replace **MMDDYY** with the date the issuer authorized the transaction. |

**Table 3.30—Telecom/POS Device Failure**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedy |
| **Second Presentment Condition** | The acquirer must document that the transaction was under the published floor limit and there was a telecommunication failure or POS device failure at the time of the purchase. |
| **Supporting Documents** | Formal affidavit of telecommunication failure or POS device failure from the card acceptor |
| **DE 72 (Data Record)** | One of the following: <br> • TELECOM FAILURE <br> • POS DEVICE FAILURE |
| **Notes** | None |

**Table 3.31—DE 55 was not Provided in the First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | Both of the following: <br> • The acquirer can prove the transaction was a valid chip transaction. <br> • The transaction did not require online authorization and DE 55 and related data was not provided in the First Presentment/1240 message. |
| **Supporting Documents** | DE 55 and related data |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.32—Suspicious Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2706** <br> Authorization advised suspicious |
| **Second Presentment Condition** | The acquirer must document that the issuer was advised that the transaction was suspicious. |
| **Supporting Documents** | None |

| DE 72 (Data Record) | ADVISED SUSPICIOUS MMDDYY |
|---|---|
| **Notes** | Replace **MMDDYY** with the date of the Authorization Request/0100 message. |
| | An acquirer may submit a second presentment under message reason code 4808 if the transaction meets all the conditions stated below. The acquirer must use DE 72 (Data Record) ADVISED SUSPICIOUS MMDDYY and give the authorization request date that the card acceptor advised the issuer that the transaction was suspicious. |
| | • A code 10 was present in the Authorization Request/0100 message, which indicates that the card acceptor was suspicious of the cardholder or the nature of the transaction. |
| | • A decline response was in the Authorization Request Response/0110 message. |
| | • The card acceptor already had relinquished unrecoverable goods or provided services (for example, transactions at a restaurant) before becoming suspicious and initiating the authorization request. |
| | • The transaction amount was equal to or under the card acceptor's chargeback protection amount. |

**Table 3.33—No Authorization Request Required or Attempted**

| IPM Second Presentment Message Reason Code | **2707** |
|---|---|
| | No authorization request required or attempted |
| **Second Presentment Condition** | The acquirer must state that the transaction was under the published floor limit and one of the following: |
| | a. Completed at a point-of-sale (POS) device that did not have both online and magnetic stripe-read capability. |
| | b. The card data was captured via a manual imprint. |
| | c. Show evidence that the service code on the card was not X2X. |
| **Supporting Documents** | a. None |
| | b. A copy of a manually imprinted TID |
| | c. Proof that the service code was not X2X |
| **DE 72 (Data Record)** | a. POS DEVICE NOT ONLINE |
| | b. None |
| | c. SC not X2X |
| **Notes** | Under (c.), if the issuer stated in the first chargeback that the service code was X2X, the acquirer must provide evidence that the magnetic stripe did not contain a service code of X2X. Such evidence may consist of a different authorization attempt showing a different service code |

**Table 3.34—DE 55 was Provided in the First Presentment/1240 Message**

| IPM Second Presentment Message Reason Code | 2713 Invalid Chargeback |
|---|---|
| Second Presentment Condition | Both of the following: • The acquirer can prove the transaction was a valid chip transaction. • DE 55 and related data was provided in the First Presentment/1240 message. |
| Supporting Documents | None |
| DE 72 (Data Record) | DE 55 PREVIOUSLY PROVIDED |
| Notes | None |

### 3.13.5.1 Additional Remedies

In addition to the codes in the previous section, acquirers may use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4808:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided

- **2011**—Credit previously issued

- **2700**—Chargeback remedied. See corresponding documentation.

- **2701**—Duplicate Chargeback

- **2702**—Past Chargeback Time Limit

## 3.13.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4808).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

Issuers must be aware that they are responsible for transactions in which the issuer or its agent could not respond to the call referral in a timely manner, through either GARS or the MasterCard Authorization Support, and in which GARS routed the call referral to the MasterCard Central Site Stand-In processing facility and the transaction was approved.

**Table 3.35—Second Presentment Failed to Remedy**

| IPM Arbitration Chargeback Message Reason Code | **4808**<br>Requested/required authorization not obtained |
|---|---|
| **Arbitration Chargeback Details** | The second presentment failed to remedy the chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Reason for the return |
| **Notes** | None |

**Table 3.36—GARS "Call Referral" or Telex**

| IPM Arbitration Chargeback Message Reason Code | **4808**<br>Requested/required authorization not obtained |
|---|---|
| **Arbitration Chargeback Details** | In situations involving a GARS or telex "call referral" authorization response, the issuer substantiates that the authorization was not granted. |
| **Supporting Documents** | Authorization log or other internal issuer media that reports authorization responses given as a result of a GARS or telex "call referral" that documents that an approval response was not given. |
| **DE 72 (Data Record)** | CALL REFERRAL AUTH NOT OBTAINED |
| **Notes** | None |

**Table 3.37—POS Device Not Online**

| IPM Arbitration Chargeback Message Reason Code | **4808**<br>Requested/required authorization not obtained |
|---|---|
| **Arbitration Chargeback Details** | In situations involving a POS DEVICE NOT ONLINE second presentment response in DE 72 (Data Record), the issuer substantiates that the card acceptor previously has processed online authorization requests. |
| **Supporting Documents** | Authorization log or other internal issuer media that reports online authorization requests processed by the card acceptor. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New and valid chargeback reason

- **4901**—Required Documentation was not Received to Support Prior Second Presentment/1240
- **4902**—Documentation received was Illegible
- **4903**—Scanning Error—Unrelated Documents or Partial Scan

## 3.13.7 Arbitration Case Filing

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

## 3.13.8 Handling Fees

Refer to section 3.8 Progressive Handling Fees, for the standard procedure.

# 3.14 Message Reason Code 4812—Account Number Not on File

The following sections describe the proper and improper use of message reason code 4812.

## 3.14.1 Proper Use of Message Reason Code 4812

This chargeback applies when an issuer receives a presented transaction with an account number that **does not match** any account number on file.

## 3.14.2 Improper Use of Message Reason Code 4812

The issuer **may not** use this message reason code for the following types of transactions:

- Chip transactions where DE 55 and related data were provided in the First Presentment/1240 message. The transaction was either below the applicable floor limit and authorized offline by the chip, or if required, authorized online. The Cardholder Verification Method (CVM) may have been PIN, signature, or none if allowed by the card parameters.

- Properly identified Emergency Cash Disbursement transactions.

- Transactions that were properly identified and authorized as a non-face-to-face transaction, (transaction category code [TCC] T in the Authorization Request/0100 message), and the original presentment was submitted using the same account number that was in the authorization request.

- Transactions using retired account numbers that subsequently receive authorization, as specified in the *Authorization System Manual* and Europe *Authorization Guide*, as applicable.

## 3.14.3 Specific Programs Using Message Reason Code 4812

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.14.4 Proper Use for Issuer's First Chargeback

The condition shown below represents a valid option that the issuer may choose to process a first chargeback for message reason code 4812.

**Table 3.38—Account Number not on File**

| | |
|---|---|
| **Time Frame** | 45 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.14.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4812.

Members should refer to section 3.2.1 Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. For additional information, also refer to section 4.7.16 Example 16—Merchant Reversals of this guide.

**NOTE**

**If the chargeback is the result of a keying error, but the account number still check digit verifies according to the Lühn Formula, the acquirer must process the transaction as a new presentment using the correct cardholder account number, provided applicable procedures and time limits are observed.**

**Table 3.39—Authorization Remedy**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008** <br> Issuer Authorized the transaction |
| **Second Presentment Condition** | The cardholder account number provided in the Authorization Request/0100 message was identical to the cardholder account number in the First Presentment/1240 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY NO. NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized. <br> Replace **NNNNNN** with the authorization approval code. |

**Table 3.40—DE 55 was not Provided in the First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | Both of the following:<br>• The acquirer states that the transaction was a valid chip transaction.<br>• The transaction did not require online authorization and DE 55 and related data was not provided in the First Presentment/1240 message. |
| **Supporting Documents** | Mandatory subelements in DE 55 |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.41—Documentation Remedy**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer must document that the cardholder account number was identical to the cardholder account number originally presented. |
| **Supporting Documents** | One of the following:<br>• Copy of imprinted TID<br>• For card-read transactions that occurred at POI terminals that were not authorized via the Banknet network, the acquirer must provide sufficient documentation to establish the card's presence; for example, the acquirer's authorization log, electronic data capture log, or magnetic stripe reading (MSR) or hybrid terminal printer certification. The acquirer must explain clearly all such documentation in content and in usage. If the transaction occurred at an attended POI terminal, a copy of the printed terminal receipt must accompany the supporting documentation mentioned previously. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.42—Emergency Cash Disbursement**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The transaction was the result of a properly identified Emergency Cash Disbursement. |
| **Supporting Documents** | An authorization screen print and issuer fax, if available, to verify that the transaction was an Emergency Cash Disbursement |

| **DE 72 (Data Record)** | EMERGENCY CASH DISBURSEMENT |
|---|---|
| **Notes** | None |

**Table 3.43—DE 55 was Provided in the First Presentment/1240 Message**

| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | Both of the following:<br>• The acquirer states the transaction was a valid chip transaction.<br>• DE 55 and related was provided in the First Presentment/1240 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | DE 55 PREVIOUSLY PROVIDED |
| **Notes** | None |

**Table 3.44—Chip Liability Shift**

| **IPM Second Presentment Message Reason Code** | **2870**<br>Chip Liability Shift |
|---|---|
| **Second Presentment Condition** | All of the following:<br>• The transaction was between members that participate in the Global Chip Liability Shift Program and did not require authorization.<br>• The transaction occurred at a hybrid terminal.<br>• The transaction was initiated with a non-EMV chip card.<br>This is a final remedy. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.14.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4812:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2011**—Credit previously issued
- **2713**—Invalid Chargeback

## 3.14.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4812).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4812**<br>Account number not on file |
| **Arbitration Chargeback Details** | The second presentment failed to remedy the chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Reason for the return |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New and valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.14.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.15 Message Reason Code 4831—Transaction Amount Differs

The issuer should use message reason code 4831 if the cardholder states that he or she was billed an incorrect amount.

## 3.15.1 Proper Use of Message Reason Code 4831

The billing discrepancy could be for one of the following reasons:

- A card acceptor's addition error that resulted in an incorrect total on the TID or other documentation

- The card acceptor increased the transaction amount without the cardholder's permission

- The imprinted amount or printed amount on the TID was processed instead of the correct transaction amount as evidenced by other information on the TID or documentation

Except for Unreasonable Amount disputes, the issuer must submit the First Chargeback/1442 message for the amount of the billing discrepancy only. The issuer should use Function Code 453 (Partial Amount).

Although a retrieval of the transaction is not required to support the chargeback, a copy of the TID may be requested from the acquirer if the cardholder's copy of the TID cannot be provided. If the copy fulfillment verifies the cardholder's dispute, the copy fulfillment may be supplied in lieu of the cardholder's TID.

**Charges for Loss, Theft, or Damages.** Charges for loss, theft, or damages are subject to section 2.1.3.2 Initiating the Transaction and section 2.1.9 Charges for Loss, Theft, or Damage of this guide. The issuer may be able to address improperly applied charges for loss, theft, or damage using message reason code 4831 if the card acceptor debits the cardholder for such charges in the same billing amount that includes the underlying initial service.

**Non–Face-to-Face Price Differences.** Issuers may use this message reason code in situations when the cardholder has printed confirmation of price that differs from the billed amount. For non–face-to-face transactions when the cardholder does not have printed confirmation of price, issuers may refer to message reason code 4853—Defective/Not as Described.

**Express Checkout.** The cardholder's receipt may be used to initiate the chargeback; however, an express checkout receipt is not the final folio billing and may be challenged by the card acceptor except for unreasonable amount disputes.

**Unreasonable Amount (For intra-EEA transactions only).** Issuers in European Economic Area (EEA) countries may use this message reason code if the cardholder alleges that the amount of the authorized transaction for the purchase of goods or services was unreasonable, and all of the following conditions are met:

- The exact transaction amount was not specified at the time the cardholder engaged in the transaction, and

- The transaction amount exceeded what the cardholder could reasonably have expected, taking into account the cardholder's previous spending pattern, the conditions of the cardholder agreement and the relevant circumstances of the case.

The chargeback must be accompanied by a cardholder letter identifying the disputed transaction and describing the circumstances of the dispute. Issuers may charge back the full amount of the transaction.

The chargeback right is available for intra-EEA transactions only.

## 3.15.2 Improper Use of Message Reason Code 4831

**Face-to-Face Verbal Price Agreements.** Issuers cannot use message reason code 4831 for verbal agreements between a cardholder and a card acceptor if the agreement is not referenced on the TID or other related documents.

## 3.15.3 Specific Programs Using Message Reason Code 4831

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.15.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4831.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Both of the following:<br>• Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, and 430).<br>• A copy of the TID or other documentation to confirm the actual amount of the transaction as agreed to by the cardholder (not for unreasonable amount). |

| | |
|---|---|
| **DE 72 (Data Record)** | For unreasonable amount disputes: UNREASONABLE AMOUNT<br>None for all other disputes. |
| **Notes** | None |

## 3.15.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4831.

**Table 3.45—Correct Transaction Amount**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The TID shows that the amount was processed correctly. (For example, there was no error in addition, or the "total" amount on the TID was properly submitted to GCMS.) |
| **Supporting Documents** | Copy of the TID |
| **DE 72 (Data Record)** | None |
| **Notes** | Not available for unreasonable amount disputes. |

**Table 3.46—Increased Transaction Amount**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The card acceptor can provide documentation that validates the increased debit to the cardholder's account. (For example, documentation showing that the cardholder is responsible for the additional charges applied to the account.) |
| **Supporting Documents** | Documentation to support that the cardholder is responsible for the disputed amount; for example, charges that the cardholder authorized were not included on the hotel/motel folio at time of checkout or after the return of the vehicle rental. |
| **DE 72 (Data Record)** | None |
| **Notes** | Not available for unreasonable amount disputes. |

**Table 3.47 Unreasonable Amount (Intra-EEA Transactions Only)**

| | |
|---|---|
| IPM Second Presentment Message Reason Code | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| Second Presentment Condition | The card acceptor can provide documentation showing the cardholder agreed to an amount range as reasonable, and the transaction amount did not exceed this amount range. |
| Supporting Documents | Documentation supporting the card acceptor's claim that the cardholder agreed to a reasonable amount range; for example:<br>• An itemized price list signed by the cardholder and an itemized transaction receipt showing that the transaction amount was calculated on the basis of this price list; or<br>• The cardholder's written agreement to a recurring payment arrangement with the card acceptor, in which a maximum amount for each payment was specified. |
| DE 72 (Data Record) | None |
| Notes | None |

### 3.15.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4831:

• **2002**—Nonreceipt of required documentation to support chargeback

• **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received

• **2011**—Credit previously issued

• **2701**—Duplicate Chargeback

• **2702**—Past Chargeback Time Limit

• **2709**—Documentation received was illegible

• **2710**—Scanning error—unrelated documents or partial scan

• **2713**—Invalid Chargeback

## 3.15.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4831).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer should process the arbitration chargeback using the appropriate message reason code.

**Table 3.48—Transaction Amount Differs**

| IPM Arbitration Chargeback Message Reason Code | **4831** <br> Transaction amount differs |
|---|---|
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. <br><br> Refer to section 1.15.1 Documentation Types of this guide for additional information. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code

- **4901**—Required documentation not received to support prior Second Presentment/1240

- **4902**—Documentation received was illegible

- **4903**—Scanning error—unrelated documents or partial scan

- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard processing procedure.

## 3.15.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.16 Message Reason Code 4834—Duplicate Processing

The following sections describe the proper and improper use for message reason code 4834.

## 3.16.1 Proper Use for Using Message Reason Code 4834

This message reason code may be used if the cardholder or the issuer determines that the same transaction was processed more than once.

To demonstrate without investigation that the transaction is a duplicate, the card acceptor name and location, transaction source currency amount, ticket number (if provided), and transaction date must be the same.

If, as a result of an investigation (such as a retrieval request, second presentment, and so forth), the documentation confirms that duplication occurred, the issuer may process this chargeback based on its investigation.

The issuer is required to initiate the chargeback using the ARD of the duplicate record, and enter the ARD (23-digit reference data) of the first transaction in DE 72 (Data Record). The first transaction then becomes ineligible for processing under message reason code 4834. The issuer must always provide two sets of acquirer reference data even if they are the same or the dispute involves two different acquirers.

**Transactions With Converted Currency.** Issuers should be aware that duplicate transactions outside the U.S. region do not necessarily have identical transaction amounts because of the currency exchange rates. However, the original transaction currency amount must be the same.

**Transactions with Ticket Numbers.** Issuers must review transactions presented with ticket numbers closely. If the ticket numbers are different, the transactions are not considered duplicates, although the card acceptor locations, transaction amounts, and transaction dates may be the same.

**Different Transaction Data.** When transaction data is different, consider using other chargeback message reason codes including 4840, 4859 RS2, or 4837 to address the dispute. The chargeback must meet the requirements for the applicable message reason code.

**Credit for Duplication.** In the event that there are two debits that are mirror images and a credit for the same amount on the cardholder's statement before the chargeback, issuers are advised to confirm with the cardholder whether the credit was for goods or services that were subsequently returned or cancelled and credited. If there was no return or cancellation, the credit applies to the duplication.

**ATM Transactions Processed Using Message Reason Code 4834.**

- MasterCard recommends that issuers charge both ATM transactions back individually under this message reason code. This will allow for each second presentment to provide the information necessary to remedy the dispute by showing each individual transaction that was completed.

- Since ATM transactions are authorized using a PIN, MasterCard strongly recommends that before using this message reason code, issuers verify their authorization records to ensure that they are not charging back two separate transactions that were authorized individually using a PIN. The issuer would be correct in using this message reason code if both authorization numbers are the same.

- Europe members, refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions.

## 3.16.2 Specific Programs Using Message Reason Code 4834

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.16.3 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4834.

| Time Frame | 120 calendar days |
|---|---|
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | FIRST REF NNNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD) of the first transaction. |

## 3.16.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4834.

**Duplicate Transactions Processed through Two Different Acquirers.** When the acquirer is providing documentation to substantiate two separate transactions by providing two different TIDs, the second presentment must include both TIDs even if the card acceptor had processed one of the transactions with a different acquirer.

**Table 3.49—PIN Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message for one or both transactions. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | PIN MMDDYY NNNNNN MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code |

**Table 3.50—Credit Previously Issued**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011**<br>Credit previously issued |
| **Second Presentment Condition** | The acquirer can provide documentation that a credit was issued and processed to the cardholder's account, correcting the duplication. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | CRED MMDDYY NNNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Replace **MMDDYY** with the date a credit was issued to the cardholder.<br>Optionally, replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD). |

**Table 3.51—Two Different TIDs—POS Only**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can provide documentation to support two separate transactions by providing two different TIDs with the same cardholder account number. |
| **Supporting Documents** | Copies of two different TIDs |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.52—Two Different TIDs—ATM Only**

| IPM Second Presentment Message Reason Code | **2700** |
| --- | --- |
| | See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | Documentation that verifies the disbursement of funds. For example, the acquirer provides an audit tape showing that the ATM dispensed the requested amount. |
| **Supporting Documents** | Refer to the *Cirrus Worldwide Operating Rules* manual for further information. |
| | Europe members refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard). |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.53—Invalid Message Text**

| IPM Second Presentment Message Reason Code | **2704** |
| --- | --- |
| | Invalid member message text |
| **Second Presentment Condition** | The issuer did not include two sets of acquirer reference data with the original chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | ARD NOT PROVIDED |
| **Notes** | Not available for ATM transactions. |

### 3.16.4.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4834:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2713**—Invalid Chargeback [1]

## 3.16.5 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4834).

---

1. Not available for ATM transactions.

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**Arbitration Chargebacks Not Allowed for ATM Transactions.** Issuers cannot process an arbitration chargeback for an ATM transaction. Refer to the *Cirrus Worldwide Operating Rules* for procedures.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4834**<br>Duplicate processing |
| **Arbitration Chargeback Details** | The second presentment failed to remedy the chargeback. |
| **Supporting Documents** | Sometimes |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | **Credit Issued.** If the second presentment indicates that credit was issued to correct the duplication, the issuer may continue the chargeback only when the cardholder confirms that the credit applies to another transaction. This confirmation needs to be provided with a progressive letter detailing why the credit referenced by the second presentment does not apply to the transaction being charged back. |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.16.6 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.17 Message Reason Code 4835—Card Not Valid or Expired

The following sections describe the proper and improper use of message reason 4835.

## 3.17.1 Proper Use of Message Reason Code 4835

The chargeback may be processed if

- A transaction was made using a card that was not valid or was expired.

- The expiration date on file for the account number was not valid on the transaction date.

- A non–face-to-face transaction using a card that was expired if the card acceptor did not obtain authorization.

- The card acceptor accepted a non–face-to-face transaction using an account number that expired before the transaction date and the account was never renewed. (The issuer is responsible for the transaction if it was properly identified as a non–face-to-face transaction [such as, MO/TO] in the authorization request and the issuer approved the transaction.)

- The card acceptor completed a face-to-face transaction, the valid date on the card was not valid on the transaction date, and the card acceptor did not obtain a valid authorization using the actual expiration date on the card.

The issuer should explore all possibilities of honoring the transaction before it exercises this chargeback right.

**Determining the Transaction Date for T&E Transactions.** For purposes of message reason code 4835, the transaction date is the date that the cardholder first presented the card to the card acceptor in connection with the transaction. For hotel/motel or vehicle rental transactions, the applicable transaction date is the date that the cardholder first checked into the hotel/motel or rented the vehicle.

**Determining the Transaction Date for Undated Transactions.** Where a transaction is undated, GCMS presumes the transaction date is any date within 15 calendar days before the Central Site Business Date.

**SAFE Reporting**. The issuer must report the transaction to SAFE if the transaction resulted from an account with a fraud status.

## 3.17.2 Improper Use of Message Reason Code 4835

The issuer **may not** use this message reason code for chip transactions where DE 55 and related data were provided in the First Presentment/1240 message.

**Transactions Properly Identified as Expired When Authorized.** For face-to-face transactions, the issuer is responsible for the transaction if the card acceptor accepts an expired card and provides the accurate expiration date during the authorization process and the transaction is approved.

### 3.17.3 Specific Programs Using Message Reason Code 4835

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

### 3.17.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4835.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | For transactions involving an expired card: **None** <br><br> For transactions in which the valid date present on the card was not valid on the transaction date: **Formal affidavit of alleged fraud from the cardholder.** |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.17.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can choose from to process a second presentment for message reason code 4835.

**Table 3.54—Non-Face-to-Face Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008** <br> Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer properly identified the transaction as a non–face-to-face transaction in the authorization record, and it received authorization as specified in the MasterCard *Authorization System Manual* or Europe *Authorization Guide*, as applicable. (For example, a properly identified non–face-to-face transaction must have a TCC of T in the authorization request.) |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS AUTH MMDDYY NO. NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized. <br> Replace **NNNNNN** with the authorization approval code. |

**Table 3.55—PIN Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | PIN MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 3.56—Authorized Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer properly identified the transaction with the expiration date present on the card in the Authorization Request/0100 message, and received authorization from the issuer as specified in the MasterCard *Authorization System Manual* or Europe *Authorization Guide*, as applicable. |
| **Supporting Documents** | Both of the following:<br>• A copy of the authorization log showing that the transaction was properly authorized, with the correct expiration date present on the card in the authorization request<br>• A copy of the TID |
| **DE 72 (Data Record)** | AUTH MMDDYY NO. NNNNNN EXP MMYY |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code.<br>Replace **MMYY** with the correct expiration date present on the card. |

**Table 3.57—Face-to-Face Transaction and Card was Valid on Transaction Date**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer documents that the transaction was a face-to-face transaction, and the imprinted or electronically derived TID proves that the MasterCard card was valid on the appropriate transaction date. (For example, guest/hotel folio or vehicle rental agreement showing valid dates when the cardholder first checked in or rented the vehicle.) |
| **Supporting Documents** | A copy of an imprinted or electronically derived TID showing that the card was valid on the transaction date. |
| **DE 72 (Data Record)** | CARD VALID ON TRAN DATE |
| **Notes** | None |

**Table 3.58—DE 55 was not Provided in the First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | All of the following: <br> • The acquirer can prove that the transaction was a valid chip transaction. <br> • The transaction was below the floor limit. <br> • DE 55 was not provided in the First Presentment/1240 message. |
| **Supporting Documents** | Mandatory subelements in DE 55 |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.59—DE 55 was Provided in the First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713** <br> Invalid Chargeback |
| **Second Presentment Condition** | Both of the following: <br> • The acquirer can document that the transaction was a valid chip transaction. <br> • DE 55 was provided in the First Presentment/1240 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | DE 55 PREVIOUSLY PROVIDED |
| **Notes** | None |

### 3.17.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4835:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan
- **2713**—Invalid Chargeback

## 3.17.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4835).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

The conditions shown below represent valid options that the issuer can use to process an arbitration chargeback.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4835**<br>Card not valid or expired |
| **Arbitration Chargeback Details** | The second presentment failed to remedy the chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Reason for the return |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan

- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required

- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.17.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.18 Message Reason Code 4837—No Cardholder Authorization

The following sections provide information on the proper and improper use of message reason code 4837.

## 3.18.1 Proper Use of Message Reason Code 4837

The issuer may use message reason code 4837 if the cardholder states in writing that neither he, she, nor anyone authorized by him or her engaged in the transaction.

**SAFE.** The issuer must report the transaction to SAFE, in accordance with Chapter 1 of the *Complete SAFE Manual.*

**Non-Counterfeit CAT 2.** The issuer can use message reason code 4837 for non-counterfeit transactions occurring at a cardholder-activated terminal (CAT) that was properly identified as a CAT Level 2 in the authorization messages and clearing records.

- Before processing the chargeback, the issuer must block the account on its host and list the cardholder account number on the MasterCard Account File with a "capture card" response until card expiration.
- The cardholder letter alleging that the transaction is fraudulent also must state, or the issuer must otherwise certify by means of a separate document accompanying the cardholder letter, that the card was lost or stolen at the time of the transaction. A letter that indicates that the transaction resulted from Never Received Issue (NRI) fraud is considered to be lost or stolen if the letter or additional documentation accompanying the chargeback substantiates that the NRI card was the card used for the disputed transaction.

**Voided Cards.** The issuer also may charge back a transaction involving a once valid voided card with an issuer certification letter instead of a written cardholder complaint if

- The transaction was identified in the clearing record as a face-to-face transaction, and
- The issuer certifies in writing that the unexpired account number identified in the transaction record was not outstanding on the transaction date because the physical card was recovered, destroyed, or both.

**Accounts Closed for a Minimum of 60 Days.** Sometimes transactions can occur on a cardholder account number months after the account has been closed. In this case, rather than contacting the cardholder for another letter, the issuer can stand in for any fraudulent activity by providing a copy of the original cardholder letter and an issuer certification letter stating the following three conditions:

- The issuer or its agent did not authorize the transaction, as specified in the *Authorization System Manual* or Europe *Authorization Guide,* as applicable.
- The date of the disputed item was on or after the date the card was used fraudulently.

- The account has been closed for a minimum of 60 days.

## 3.18.2 Improper Use of Message Reason Code 4837

The issuer may not use this message reason code for the following types of transactions:

- The transaction was a chip/PIN transaction where DE 55 and related data was provided in the First Presentment/1240 message.
- Emergency cash disbursements or emergency travelers check refunds.
- ATM transactions.
- Properly identified QPS transactions for equal to or less than the chargeback protection amount.

  Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions.

  Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts.

- Transactions that occurred at a cardholder-activated terminal (CAT) that were properly identified in the authorization messages and clearing records as CAT Level 1 (where a PIN is required) or when properly identified in the clearing records as CAT Level 3.

- Counterfeit card transactions that occurred at a CAT Level 2 where the acquirer transmitted the full unedited card-read data in the Authorization Request/0100 message and obtained an authorization approval or valid transaction certificate.

- Properly identified and authorized *PayPass* transactions equal to or less than the chargeback protection amount when all operating requirements are satisfied. Refer to section 2.12 Processing *PayPass* Transactions of this guide for more information about *PayPass* transactions. Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts.

- Transactions resulting from an account takeover and subsequently reported to SAFE as such. An account takeover occurs when the transaction posts to an account that was fraudulently taken over from the authorized cardholder that opened the account.

- Addendum Disputes. A disputed transaction that is a subsequent separate addendum transaction appended to a previous valid transaction involving the same card acceptor. The issuer must process a chargeback for message reason code 4859 RS7 (Addendum Dispute) if the cardholder acknowledges participation in the original transaction.

- Transactions under the MasterCard® *SecureCode*™ and Universal Cardholder Authentication Field liability shift program, if:

  – The card acceptor is Universal Cardholder Authentication Field (UCAF)-enabled,

  – The issuer provided the UCAF for that transaction,

  – All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied, and

  – The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

### 3.18.3 Specific Programs Using Message Reason Code 4837

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

### 3.18.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4837.

**Table 3.60—General Purpose**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | One of the following<br>• Cardholder letter or (if applicable) an issuer certification letter.<br>• Original cardholder letter in the event the account was closed a minimum of 60 days.<br>• Written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.61—Batching Multiple Transactions**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Both of the following:<br><br>• One of the following<br>  – Cardholder letter or (if applicable) an issuer certification letter.<br>  – Original cardholder letter in the event the account was closed a minimum of 60 days.<br>  – Written complaint from a company or government agency representative on behalf of a corporate card cardholder must state when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account.<br><br>• List of Acquirer Reference Data (ARD) |
| **DE 72 (Data Record)** | MULTIPLE TRANSACTIONS NNN |
| **Notes** | Replace **NNN** with number of transactions<br><br>If the dispute involves multiple, unauthorized, card-activated telephone charges (MCC 4813 or 4814), computer network or information service charges (MCC 4816), or audiotext or videotext charges (MCC 5967) from the same card acceptor and acquirer to a single cardholder account number, the issuer may combine the transactions in question into a single First Chargeback/1442 message. The issuer must include a list of the ARDs involved and the amount of each disputed transaction in the accompanying chargeback documentation. A copy of a cardholder's statement will satisfy this requirement if the items are identified and the statement reflects the ARD that was provided in the First Presentment/1240 message.<br><br>Chargeback amount must be processed for the total of the batch. |

**Table 3.62—Accounts Closed for a Minimum of 60 Days**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Both of the following:<br>• Original cardholder letter<br>• Issuer certification letter |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.63—Non-counterfeit CAT 2**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Both of the following:<br>• Cardholder letter<br>• If applicable, issuer certification letter |
| **DE 72 (Data Record)** | None |
| **Notes** | The cardholder letter must state or the issuer must separately document, that the card was lost or stolen at the time of the transaction. |

**Table 3.64—Voided Cards**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Issuer certification letter |
| **DE 72 (Data Record)** | NO SUCH CARD |
| **Notes** | None |

### 3.18.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4837.

**Resolving Chargeback Resulting from Account Number Keying Errors.** If an acquirer determines that the disputed transaction resulted from a keying error, the acquirer must resubmit the transaction as a new First Presentment/1240 message (assuming that the error is corrected). If the acquirer submits a new first presentment, the issuer and acquirer both must observe applicable procedures and time periods.

**Table 3.65—*PayPass* Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer Authorized Transaction |
| **Second Presentment Condition** | For a *PayPass* transaction equal to or less than the chargeback protection amount where authorization was obtained.<br>Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | PAYPASS NNNNNN MMDDYY |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 3.66—PIN Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer Authorized Transaction |
| **Second Presentment Condition** | The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | PIN MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code.<br>This remedy does not apply to intraregional *PayPass* transactions occurring in the Canada region. |

**Table 3.67—QPS Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
| **Second Present-ment Condition** | For a properly identified QPS transaction equal to or less than the chargeback protection amount. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | INVALID REASON CODE FOR QPS |
| **Notes** | Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts. |

**Table 3.68—MasterCard *SecureCode* SL2 (Global Liability Shift)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Present-ment Condition** | The acquirer can show both of the following:<br>• The transaction approved by the issuer contained the value in the UCAF that the issuer or its agent provided (DE 48, subelement 42 had a UCAF collection indicator value of 2).<br>• All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record.<br>Refer to the *Customer Interface Specification* or Europe *V5 Interface Specifications* manual as applicable for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction. Refer to the *IPM Clearing Formats* manual for the specific data element values that satisfy clearing requirements for a valid UCAF transaction. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL 2 |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 3.69—MasterCard *SecureCode* SL1 (Merchant-Only Liability Shift)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Present-ment Condition** | Members should refer to section 3.4 MasterCard *SecureCode* and Universal Cardholder Authentication Field (UCAF) Liability Shift Program of this guide for information about intraregional or interregional merchant-only liability shift programs. |
| | The transaction approved by the issuer contained the value in the UCAF that the issuer or its agent provided (DE 48, subelement 42 had a UCAF collection indicator of 1), and all of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. |
| | Refer to the *Customer Interface Specification* or Europe *V5 Interface Specifications* manual as applicable for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction. |
| | Refer to the *IPM Clearing Formats* manual for the specific data element values that satisfy clearing requirements for a valid UCAF transaction. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNN NN SL 1 |
| **Notes** | Replace **MMDDYY** with the date the authorization request message containing a value of 1* in DE 48 (Additional Data—Private Use), subelement 42 (Electronic Commerce Indicators), position 3 (UCAF Collection Indicator) was approved. |
| | Replace **NNNNNN** with the authorization approval code. |
| | ***This value cannot be used as a valid remedy for intra-United States transactions or interregional commercial card transactions.** |

**Table 3.70—Account Takeover**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Present-ment Condition** | The acquirer can prove that the transaction resulted from an account takeover. |
| **Supporting Documents** | Documentation that supports the second presentment by proving that the transaction resulted from an account takeover.<br><br>For example:<br><br>• The Acquirer Loss File report (AF739010-BB)—provided through the Banknet network or MasterCard File Express and must be requested by submitting the SAFE Optional Report Selection (Form 362) found in the *Security Rules and Procedures* manual or in the Business Forms section of Member Publications on MasterCard OnLine®.<br><br>• The SAFE Acquirer Transaction Data report—available to all acquirers registered for the Fraud Reporter tool on MasterCard OnLine®.<br><br>   Detailed descriptions and processing specifications for the Acquirer Loss File report and the Acquirer Transaction Data report can be found in the *Complete SAFE Manual*.<br><br>• A statement from the authorized cardholder confirming that the account was in fact taken over and that fraud subsequently occurred. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### Table 3.71—Acquirer Identified Addendum

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Present-ment Condition** | The acquirer can substantiate that the addendum transaction is the cardholder's responsibility. |
| **Supporting Documents** | Provide documentation to establish the addendum transaction. |
| **DE 72 (Data Record)** | None |
| **Notes** | Acquirers may remedy the dispute with documentation substantiating the cardholder has participated in the original transaction and documentation to establish the cardholder is responsible for the addendum transaction.<br><br>The acquirer also must include documentation substantiating that the cardholder is responsible for the disputed amount if the amount represents final audit charges not included in the original hotel/motel or vehicle cardholder billing.<br><br>For example, after the cardholder initially is billed for a vehicle rental, the cardholder is billed for a separate additional amount that represents unpaid parking tickets. The cardholder claims that he or she did not authorize the transaction for the parking tickets. The card acceptor should include, with the second presentment, information about the violations showing that they were issued during the period that the vehicle was rented by the cardholder, as well as the rental agreement with proof of card presence and signature authorizing such charges. |

### Table 3.72—Address Verification Service (AVS) Transaction

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Present-ment Condition** | The acquirer must:<br>• Indicate in documentation that a positive Address Verification Service (AVS) response of **X** (address match with nine-digit ZIP code) or **Y** (address match with five-digit ZIP code), and<br>• Documentation showing that the address to which the merchandise was sent is the same as the AVS-confirmed address. |
| **Supporting Documents** | Both of the following<br>• Indicate AVS response **X** or **Y**<br>• Documentation that shows the merchandise was sent to the AVS-confirmed billing address |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.73—Compelling Evidence (for Airline Transactions Only)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Present-ment Condition** | For non-face-to-face airline transactions only. |
| **Supporting Documents** | At least one of the following documents and, if necessary, accompanied by an explanation thereof:<br>• Flight ticket or boarding pass showing the cardholder's name<br>• Flight manifest showing the cardholder's name<br>• Additional transactions connected with the disputed flight, such as upgrades, excess baggage charges, and in-flight purchases<br>• Passenger identification documentation showing a link to the cardholder<br>• Credits of frequent flyer miles for the flight, showing connection to the cardholder<br>• Proof of receipt of the flight ticket at the cardholder's billing address |
| **DE 72 (Data Record)** | COMP EVID |
| **Notes** | None |

**Table 3.74—Compelling Evidence for Recurring Transactions**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied. See corresponding documentation. |
| **Second Present-ment Condition** | For non–face-to-face recurring transactions only. |
| **Supporting Documents** | A merchant statement documenting all of the following:<br>• Description of the goods or services being provided the transaction was recurring by providing the start date of the recurring transaction and, if used, one of the following:<br>  – SecureCode was used to initiate the original transaction.<br>  – If card validation code 2 (CVC 2) was provided in the Authorization Request/0100 message and the Card Validation Code Result (DE 48, subelement 87) had a value of M in the Authorization Response/0110 message.<br>• More than one transaction was processed by providing the date(s) of previous transaction(s).<br>• Previous transactions were not disputed. |
| **DE 72 (Data Record)** | COMP EVID |
| **Notes** | None |

**Table 3.75—Guaranteed Reservation Service (No Show)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Present-ment Condition** | The acquirer can substantiate that the transaction was the result of Guaranteed Reservation Service, a "no-show." |
| **Supporting Documents** | Documentation establishing that the card acceptor obtained the cardholder's account number, name present on the card, and the confirmation number provided at the time the reservation was made |
| **DE 72 (Data Record)** | None |
| **Notes** | Refer to section 2.2.1 MasterCard Guaranteed Reservations of this guide for more information. |

**Table 3.76—Proof of Card Presence and Signature**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Present-ment Condition** | The acquirer can provide documentation substantiating the card's presence and providing the cardholder's signature. All account numbers appearing on the TID must match the account number in the original presentment. (Refer to section 4.7.8 Example 8—Message Reason Code 4837—No Cardholder Authorization (Available when two different account numbers appear on the same TID). |

| **Supporting Documents** | One of the following: |
|---|---|
| | a. Documentation with a card imprint matching the account number in the First Chargeback/1442 message and cardholder signature or evidence of other valid cardholder verification method (CVM) authorizing the use of the MasterCard account number to settle the account. |
| | b. For transactions that obtain an authorization via the Banknet network and that occurred at an attended POI terminal that read and transmitted the account number from the card's magnetic stripe or chip: a printed, signed terminal receipt. An authorization log is not required. |
| | c. For transactions that were not authorized via the Banknet network a printed, signed terminal receipt and proof that the transaction occurred at an attended POI terminal that read and captured the account number from the card's magnetic stripe. Examples of documentation include: |
| |     – Acquirer's authorization log |
| |     – Electronic Data Capture (EDC) log |
| |     – Magnetic stripe reading (MSR) terminal or hybrid terminal printer certification |
| | d. For vehicle-assigned MasterCard Corporate Fleet Card transactions, proof of card presence. Proof of signature is not required for chargebacks processed on transactions properly completed using the vehicle-assigned Corporate Fleet Card. This provision does not apply to any other type of transaction. |
| | e. For a chip transaction, the acquirer must provide DE 55 and related data, unless previously provided in the First Presentment/1240 or Authorization Request/0100 message. If the PIN was not used, evidence of other CVM in the form of a signed POI terminal receipt also must be provided. |
| | f. If the transaction involves loss, theft, or damage, the acquirer must provide proof of card presence and signature or other CVM, specifically for the addendum billing for loss, theft, or damages. |
| | g. Other appropriate documentation. For example, a hotel/motel bill or vehicle rental agreement that includes a card imprint and a signature authorizing the use of the MasterCard card to settle the account. |
| **DE 72 (Data Record)** | One of the following corresponding to the documentation requirements: |
| | a. None |
| | b. TRANS AUTHORIZED MMDDYY NO.NNNNNN |
| | c. None |
| | d. None |
| | e. CHIP TRANSACTION |
| | f. None |
| | g. None |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized. |
| | Replace **NNNNNN** with the authorization approval code. |
| | This remedy does not apply to intraregional *PayPass* transactions occurring in the Canada region. |

**Table 3.77—CVC 2 Validation Program (U.S. Region Card Acceptors Only)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br><br>Chargeback remedied. See corresponding documentation. |
| **Second Present-ment Condition** | All of the following:<br>• The acquirer can provide documentation substantiating that the card acceptor was registered in the MasterCard CVC 2 Validation Program.<br>• The acquirer can provide the cardholder's signature on the printed terminal receipt.<br>• The acquirer can document that the card acceptor received authorization for the related transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer.<br>• The acquirer can document that the Authorization Request Response/0110 message for the related transaction contained a value of M (Valid CVC 2) in DE 48 (Additional Data—Private Use), subelement 87 (Card Validation Code Result).<br>• The acquirer can document that the related transaction was properly identified as a face-to-face key-entered transaction.<br><br>This remedy is available only if the card acceptor could not process a card-read transaction. |
| **Supporting Documents** | Both of the following:<br>• A printed, signed terminal receipt.<br>• A copy of the MasterCard e-mail notification of merchant approval in the MasterCard CVC 2 Validation Program. |
| **DE 72 (Data Record)** | None |
| **Notes** | A properly identified face-to-face key-entered transaction occurs when the following values are present in the Authorization Request/0100 message. |

| Data Element | Subfield | Value |
|---|---|---|
| DE 22 (Point-of-Service [POS] Entry Mode) | Subfield 1 (POS Terminal PAN Entry Mode) | 01 (PAN manual entry) |
| DE 61 (Point-of-Service [POS] Data) | Subfield 1 (POS Terminal Attendance) | 0 (Attended Terminal) |
| | Subfield 3 (POS Terminal Location) | One of the following:<br>• 0 (On premises of card acceptor facility)<br>• 1 (Off premises of card acceptor facility [merchant terminal—remote location]) |

| | Subfield 4 (POS Cardholder Presence) | 0 (Cardholder present) |
|---|---|---|
| | Subfield 5 (POS Card Presence) | 0 (Card present) |
| | Subfield 10 (Cardholder-activated Terminal Level) | 0 (Not a CAT transaction) |
| | Subfield 11 (POS Card Data Terminal Input Capability Indicator) | One of the following:<br>• 7 (Magnetic stripe reader and key entry)<br>• 8 (EMV specification [compatible chip reader], magnetic stripe reader and key entry) |
| | Subfield 13 (POS Country Code) | 840 (United States) |

A properly identified face-to-face key-entered transaction occurs when the following values are present in the First Presentment/1240 message.

| DE 22 (Point of Service Data Code) | Subfield 1 (Terminal Data: Card Data Input Capability) | One of the following:<br>• B (Magnetic stripe reader and key entry capability)<br>• C (Magnetic stripe reader, ICC, and key entry capability) |
|---|---|---|
| | Subfield 4 (Terminal Operating Environment) | One of the following:<br>• 1 (On card acceptor premises; attended terminal)<br>• 3 (Off card acceptor premises; attended) |
| | Subfield 5 (Cardholder Present Data) | 0 (Cardholder present) |
| | Subfield 6 (Card Present Data) | 1 (Card present) |
| | Subfield 7 (Card Data: Input Mode) | 6 (Key-entered input) |

| DE 43 (Card Acceptor Name/Location) | Subfield 6 (Card Acceptor Country Code) | USA |
|---|---|---|
| DE 48 (Additional Data—Private Use) | PDS 0023 (Terminal Type) | POI (POI terminal) |

**Table 3.78—Invalid Chargeback**

| IPM Second Presentment Message Reason Code | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Present-ment Condition** | The issuer's chargeback was invalid. For example, the issuer submitted documentation that failed to support the chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Reason for the return |
| **Notes** | None |

**Table 3.79—Chip Liability Shift**

| IPM Second Presentment Message Reason Code | **2870**<br>Chip Liability Shift |
|---|---|
| **Second Present-ment Condition** | The transaction was between members that participate in the appropriate Chip Liability Shift Program, occurred at a hybrid terminal, and was initiated with a non-EMV chip card.<br>This is a final remedy. |
| **Supporting Documents** | Documentation to substantiate card presence and PIN or signature as a cardholder verification method (CVM) and one of the following:<br>a. Documentation with a card imprint matching the account number in the First Chargeback/1442 message and cardholder signature or evidence of other valid cardholder verification method (CVM) authorizing the use of the MasterCard account number to settle the account.<br>b. For transactions that obtain an authorization via the Banknet network and that occurred at an attended hybrid terminal that read and transmitted the account number from the card's magnetic stripe: a printed, signed terminal receipt. An authorization log is not required. |
| **DE 72 (Data Record)** | One of the following corresponding to the documentation requirements:<br>a. None<br>b. If applicable, AUTH MMDDYY NNNNNN |
| **Notes** | Replace MMDDYY with the date the transaction was authorized.<br>Replace NNNNNN with the authorization approval code.<br>This remedy does not apply to intraregional *PayPass* transactions occurring in the Canada region. |

**Table 3.80—Chip/PIN Liability Shift**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2871**<br>Chip/PIN Liability Shift |
| **Second Present-ment Condition** | A transaction between members that participate in the Global Chip Liability Shift Program Level 2 and the acquirer can show that the transaction occurred at a hybrid terminal equipped with a PIN pad, while the card was not PIN-preferring.<br>This is a final remedy. |
| **Supporting Documents** | The acquirer must provide DE 55 and related data, unless previously provided in the First Presentment/1240 or Authorization Request/0100 message. A signed POI terminal receipt must also be provided. |
| **DE 72 (Data Record)** | If applicable, AUTH MMDDYY NNNNNN |
| **Notes** | Replace MMDDYY with the date the transaction was authorized.<br>Replace NNNNNN with the authorization approval code.<br>This remedy does not apply to intraregional *PayPass* transactions occurring in the Canada region.<br>Refer to section 2.8 Processing EMV Chip Transactions for additional information on processing EMV Chip transactions. |

### 3.18.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4837.

- **2002**—Non-receipt of required documentation to support chargeback

- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received

- **2011**—Credit Previously Issued

- **2701**—Duplicate chargeback

- **2702**—Past Chargeback Time Limit

- **2709**—Documentation received was illegible

- **2710**—Scanning error—unrelated documents or partial scan

## 3.18.6 Improper Use for Acquirer Second Presentment

**Travel Industries Premier Service Incentive Interchange Rate Program.** An acquirer cannot second present a transaction submitted for a Travel Industries Premier Service incentive interchange rate program.

**CAT 3.** If the device was not properly identified as a CAT 3 in the First Presentment/1240 message, the acquirer cannot remedy the chargeback.

## 3.18.7 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4837).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**Progressive Documentation.** A progressive cardholder letter may be required with the arbitration chargeback in response to new information (regarding transaction date, merchant name, or location) or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment.

**Table 3.81—Addendum Disputes**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4837**<br>No cardholder authorization |
| **Arbitration Chargeback Details** | An issuer may continue an arbitration chargeback for addendum disputes under this message reason code when one of the following occur:<br>• **The original transaction was fraudulent** and the acquirer did not provide proof of card presence and the original signed rental agreement or hotel folio.<br>• **The charge is for loss, theft, or damages** and the acquirer failed to provide proof of card presence and signature or other cardholder verification method (CVM) specific to the transaction for loss, theft, or damages. |
| **Supporting Documents** | When the original transaction was fraudulent and the acquirer failed to provide proof of card presence and signature or CVM; a progressive cardholder letter that specifically identifies that the original transaction also was fraudulent must be provided. |
| **DE 72 (Data Record)** | None |
| **Notes** | **For charges of loss, theft, or damages** where the acquirer failed to provide proof of card presence and signature, or other cardholder verification method (CVM). The arbitration chargeback may be processed without a progressive cardholder letter.<br>**For charges other than loss, theft, or damages,** once the issuer is made aware that the disputed transaction is a subsequent separate addendum, the transaction that was appended to a previous valid transaction involving the same card acceptor, the issuer must change the message reason code to 4859, RS7. |

**Table 3.82—Address Verification Service (AVS) Transaction**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4837**<br>No cardholder authorization |
| **Arbitration Chargeback Details** | One of the following:<br><br>a. **Confirmed AVS.** The cardholder continues to dispute an AVS-confirmed transaction. The issuer certifies that the AVS confirmed address belonged to the legitimate cardholder at the time of the BankNet authorization. This confirms that the account was not subject to account takeover.<br><br>b. **Invalid AVS Remedy.** The issuer had reviewed the AVS information from the second presentment and contests that a positive AVS was given or that the merchandise was sent to the AVS-confirmed address. |
| **Supporting Documents** | One of the following<br><br>a. Confirmed AVS<br>　– Progressive cardholder letter, as required<br>　– Progressive written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account.<br><br>b. No cardholder letter required. |
| **DE 72 (Data Record)** | One of the following:<br>a. CONFIRMED AVS<br>b. INVALID AVS REMEDY |
| **Notes** | **CONFIRMED AVS.** An affirmation that the issuer has confirmed that the AVS sent in the Authorization Request/0100 message matched the authorized cardholder billing address.<br><br>The documentation provided to support a confirmed AVS response may be, but is not limited to, proof of a positive AVS response X or Y, exact match ZIP5, exact match ZIP9, or exact match along with documentation that shows the merchandise was sent to the "AVS-confirmed" billing address. If the issuer sees any one of these AVS responses and contests this information, the issuer should review its Banknet network to confirm the AVS response before processing the arbitration chargeback.<br><br>**INVALID AVS REMEDY.** The issuer also may process an arbitration chargeback if it continues to dispute that the merchandise was shipped to an "AVS-confirmed" billing address. The issuer must process the arbitration chargeback using message reason code 4837 and indicate the reason for the return in the data record of the arbitration chargeback (for example, INVALID AVS REMEDY). |

**Table 3.83—Compelling Evidence**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4837**<br>No cardholder authorization |
| **Arbitration Chargeback Details** | The cardholder reviews the information provided in the second presentment and reasserts fraud. |
| **Supporting Documents** | Progressive cardholder letter refuting the documentation received from the card acceptor in the second presentment. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.84—Guaranteed Reservation Service (No Show)**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4837**<br>No cardholder authorization |
| **Arbitration Chargeback Details** | The issuer or cardholder continues to dispute a Guaranteed Reservation Service "no-show" transaction. |
| **Supporting Documents** | One of the following:<br>• A letter from the issuer stating that information provided by the card acceptor is not accurate and, in particular, which information is not accurate (for example, incorrect cardholder name or incorrect cardholder address).<br>• A progressive letter from the cardholder, dated after the second presentment, to reconfirm the cardholder's dispute. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.85—Invalid Proof of Card Presence and Signature**

| IPM Arbitration Chargeback Message Reason Code | **4837** No cardholder authorization |
|---|---|
| **Arbitration Chargeback Details** | The issuer determines that the acquirer did not provide documentation substantiating the card's presence and providing a cardholder's signature. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | If the account number appearing on the TID does not match the electronic record, then the chargeback may continue without progressive documentation. |
| | The issuer does not have the right to process an arbitration chargeback for lack of signature if the transaction involved a properly processed vehicle-assigned MasterCard Corporate Fleet Card transaction. |

**Table 3.86—MasterCard *SecureCode* Commercial Card (Interregional Transactions)**

| IPM Arbitration Chargeback Message Reason Code | **4837** No cardholder authorization |
|---|---|
| **Arbitration Chargeback Details** | The issuer can demonstrate that the transaction was performed using a commercial card (including MasterCard BusinessCard, MasterCard Executive BusinessCard, Debit MasterCard BusinessCard, MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Purchasing Card, MasterCard Corporate Fleet Card, Multi-Card, World MasterCard for Business, World Elite MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite). |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | UCAF COMMERCIAL CARD |
| **Notes** | **For interregional transaction only.** The above mentioned cards are exempt from the MasterCard *SecureCode* Merchant-only Liability Shift. |

### 3.18.7.1 Additional Remedies

The issuer may use the following additional message reason codes to submit an arbitration chargeback for message reason code 4837:

- **48xx**—New valid chargeback reason
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received.

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.18.8 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

# 3.19 Message Reason Code 4840—Fraudulent Processing of Transactions

The following sections describe the proper and improper use of message reason code 4840.

## 3.19.1 Proper Use of Message Reason Code 4840

This message reason code can be used if the cardholder states in a letter that:

- The cardholder or anyone authorized by the cardholder was still in possession and control of all valid cards at the time of the transaction, and

- The cardholder admits to at least one legitimate face-to-face transaction on the same card at a given card acceptor location, but denies making one or more additional face-to-face transactions at that same card acceptor location.

The chargeback must reflect the entire amount of the transaction in question. For example, a cardholder's legitimate USD 75 transaction was not processed, but two other transactions—one for USD 100 and another for USD 80—were. The issuer should charge back USD 100 and USD 80, not USD 80 and USD 25 (USD 100 minus USD 75). As stated in the previous paragraph, the chargeback documentation must include a copy of the USD 75 transaction.

**SAFE Reporting.** The issuer must report the transaction to SAFE if fraud was committed. These situations may not stop at one transaction, and if enough issuers file similar fraud claims, the card acceptor can be placed in the Questionable Merchant Activity category and listed in a *Global Security Bulletin.* At that point, an issuer can charge back a transaction retroactively under message reason code 4849, Questionable Merchant Activity.

**Transactions Processed through Two Different Acquirers**. An issuer may process a chargeback for message reason code 4840 if the dispute involves two different acquirers and the card acceptor descriptions are the same. All other requirements of the chargeback reason must be met.

**Example—Chargeback Message Reason Code 4840.** The following scenario presents a situation when message reason code 4840 would apply.

A cardholder gives his or her card to a gas or petrol station attendant who walks away to imprint it but also makes several additional imprints of the card. After the cardholder drives away, the attendant completes and deposits the other sales slips and takes the equivalent amount of cash from the register. The cardholder subsequently is billed for several unauthorized transactions from this one card acceptor.

### 3.19.2 Improper Use of Message Reason Code 4840

The issuer **may not** use this message reason code for non–face-to-face transactions.

**Addendum Disputes**. Issuers must not use this chargeback message reason code if the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor. The issuer must process a chargeback for message reason code 4859 RS7 (Addendum Dispute) if the cardholder acknowledges participation in the original transaction.

### 3.19.3 Specific Programs Using Message Reason Code 4840

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information about chargeback requirements and limitations.

### 3.19.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4840.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | The issuer must support this chargeback with a cardholder letter that must be signed by the cardholder that made the original legitimate transaction. For example, if the spouse of the cardholder made the original transaction, the spouse would have to sign the letter. In lieu of a written cardholder letter, the issuer may provide an e-mail message sent by the cardholder that made the original legitimate transaction. |
| | If the valid transaction has not been posted, the issuer must supply a copy of the cardholder's TID for the legitimate transaction as supporting chargeback documentation to validate card presence. |
| **DE 72 (Data Record)** | NNNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD) of the genuine transaction. |

### 3.19.5 Proper Use for Acquirer's Second Presentment

The following conditions represent valid options that the acquirer may choose to process a second presentment for message reason code 4840.

**Addendum Disputes—Second Presentments**. Acquirers may remedy the dispute with documentation substantiating the cardholder has participated in the original transaction and documentation to establish the cardholder is responsible for the addendum transaction. Suggested documentation is proof of card presence and signature for the original transaction as well as documentation to support that the addendum transaction is the cardholder's responsibility. Once the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor, the issuer must change the message reason code to 4859 RS7.

**Example—Chargeback Message Reason Code 4840 Remedy.** The following example illustrates a possible remedy.

A department store can show, using the times and descriptions printed on terminal receipts or on the authorization logs, that the cardholder made one transaction in the sportswear department at 09:00 and the second transaction in the jewelry department at 12:30. The difference between the times may indicate either that the cardholder made both transactions or that the card was out of the cardholder's possession.

**Table 3.87—PIN Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | Both of the following:<br>• The acquirer can substantiate that a PIN was present in the Authorization Request/0100 message for at least one transaction.<br>• The acquirer can provide a letter of explanation from the card acceptor. |
| **Supporting Documents** | Both of the following:<br>• A card acceptor explanation<br>• The acquirer must provide the sales slips or POI-generated receipts for any non-PIN transaction. |
| **DE 72 (Data Record)** | PIN MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized of the valid posted transaction.<br>Replace **NNNNNN** with the Banknet network Authorization Number of the valid posted transaction. |

**Table 3.88—Credit Previously Issued**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011** <br> Credit previously issued |
| **Second Presentment Condition** | None |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Date of credit, and optionally the credit ARD. |
| **Notes** | None |

**Table 3.89—Two Separate Transactions**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can document that two separate transactions occurred. |
| **Supporting Documents** | Both of the following as applicable: <br> • The legitimate and unauthorized sales slips or POI terminal-generated receipts. <br> • A card acceptor explanation, if the TID does not provide sufficient information to allow the cardholder to identify the transaction. |
| **DE 72 (Data Record)** | None |
| **Notes** | The TID may provide sufficient information to allow the cardholder to identify the transaction. |

**Table 3.90—Duplicate Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2701** <br> Duplicate Chargeback |
| **Second Presentment Condition** | None |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | First chargeback reference number and date of original chargeback. |
| **Notes** | None |

**Table 3.91—Data Record did not Contain the Valid ARD**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2704**<br>Invalid member message text |
| **Second Presentment Condition** | Data record did not contain the valid ARD if a valid sale posted. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.19.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 message for message reason code 4840:

- **2002**—Nonreceipt of required documentation to support chargeback

- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received

- **2702**—Past chargeback time limit

- **2709**—Documentation received was illegible

- **2710**—Scanning error—unrelated documents or partial scan

- **2713**—Invalid Chargeback

## 3.19.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4840).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4840**<br>Fraudulent processing of transactions |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation.<br>The progressive cardholder letter must be dated after the second presentment. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.19.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.20 Message Reason Code 4841—Cancelled Recurring Transaction

The following sections describe the proper and improper use of message reason code 4841.

## 3.20.1 Proper Use of Message Reason Code 4841

The issuer uses this message reason code if one of the following occurred:

- The card acceptor continued to bill a cardholder for a recurring transaction, after receiving notification of cancellation from the cardholder or issuer.
- The issuer listed the cardholder's account information on the Recurring Payment Cancellation Service (RPCS).

**Confirm that the Transaction is a Recurring Transaction.**

This chargeback may be used if the issuer believes the transaction is a recurring transaction, although a value of 4 (Cardholder not present [standing order/recurring transactions]) is not present in DE 22 (Point of Service Data Code), subfield 5 (Cardholder Present Data).

A recurring transaction allows for continuous billing without a specified end date. The disputed transaction must be a recurring transaction and not installment billing.

Installment transactions involve a finite number of periodic payments with a specified end date.

Examples of recurring and installment payments include the following

- A cardholder contracted to pay USD 250 on a monthly basis for three years for an automobile. This transaction is an installment transaction because an end date is specified.
- A cardholder contracted to pay USD 25 on a monthly basis for membership in a health club. The contract specified that either the cardholder or the health club could cancel the contract with 30 days notice. This transaction would qualify as a recurring transaction because an end date is not specified.

**Chargeback Allowed if Issuer Cancels Recurring Billing.** The issuer can charge back a transaction under message reason code 4841 if it previously notified the card acceptor or acquirer to cancel the billing.

## 3.20.2 Specific Programs Using Message Reason Code 4841

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.20.3 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4841.

**Table 3.92—Recurring Transaction Cancelled Before Billing**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder or issuer letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, and 430) stating that the card acceptor was notified of the cancellation before the billing of the disputed transaction. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.93—Batching Transactions for MCC 5967 and MCC 4816 Only**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder or issuer letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, and 430) stating that the card acceptor was notified of the cancellation before the billing of the disputed transaction. |
| | If multiple transactions are being charged back, include a list of the individual items in the batch (ARD and amounts). The batch option is only available when the card acceptor name and its acquirer are the same within the batch. |
| | A cardholder letter is not required for a subsequent chargeback if the chargeback date and ARD of the previous message reason code 4841 chargeback is referenced in the batch documentation. |
| **DE 72 (Data Record)** | For multiple transactions charged back using a single chargeback record: |
| | MULTIPLE TRANSACTIONS NNN |
| **Notes** | Replace **NNN** with the number of items being charged back. |

**Table 3.94—Account Listed in Recurring Payment Cancellation Service (RPCS)**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |

| DE 72 (Data Record) | RPCS MMDDYY |
|---|---|
| **Notes** | Replace **MMDDYY** with the date the account number was listed in the Recurring Payment Cancellation Service (RPCS). |

**Table 3.95—Subsequent Message Reason Code 4841 Chargeback**

| Time Frame | 120 calendar days |
|---|---|
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | CBMMDDYY ARD XXXXXXXXXXXXXXXXXXXXXXX |
| **Notes** | The issuer can process any subsequent chargeback for this message reason code with the required DE 72 (Data Record) text.

Replace **MMDDYY** with the date of the chargeback 4841 containing documentation.

Replace **X**s with the acquirer reference data (ARD) of the previous message reason code 4841 chargeback containing documentation. |

# 3.20.4 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid remedy for the acquirer to process a second presentment for message reason code 4841.

**Table 3.96—Recurring Transactions**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can substantiate one of the following: <br> • The transaction was not a recurring transaction. For example, the card acceptor bills the cardholder in installments. <br> • The transaction was recurring and the cardholder failed to meet the cancellation terms of the signed contract. <br> • The card acceptor can document that services are being provided to and used by the cardholder after the cancellation date. |
| **Supporting Documents** | Documentation to support that the chargeback is remedied or invalid. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.97—Invalid DE 72 (Data Record)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2704** <br> Invalid member message text. |
| **Second Presentment Condition** | The issuer's DE 72 (Data Record) was improper. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.20.4.1 Additional Remedies

Acquirers can use the following additional second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4841:
• **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
• **2002**—Nonreceipt of required documentation to support chargeback
• **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
• **2011**—Credit previously issued
• **2701**—Duplicate Chargeback

- **2702**—Past Chargeback Time Limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan
- **2713**—Invalid chargeback

## 3.20.5 Improper Use for Acquirer's Second Presentment

**Example—Improper Chargeback Message Reason Code 4841 Remedy.** The acquirer must not submit a second presentment if the chargeback indicates that the cardholder cancelled the recurring transaction and the card acceptor states that it was never contacted.

## 3.20.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4841).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4841** <br> Cancelled recurring transaction |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. <br><br> The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—Unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.20.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.21 Message Reason Code 4842—Late Presentment

The following sections describe the proper and improper use for message reason code 4842.

## 3.21.1 Proper Use of Message Reason Code 4842

The issuer may use message reason code 4842 if the account is permanently closed and the Central Site Business Date is:

- More than seven calendar days after the transaction date and the transaction was completed with electronically recorded card information (whether card-read or key-entered); or
- More than 30 calendar days after the transaction date, and:
  - The transaction was completed with manually recorded card information (whether imprinted or handwritten); or
  - The acquirer's presentment was delayed due to the card acceptor's delay in submitting the transaction, as permitted under Rule 5.7.2, Submit Transactions within Three Business Days, of the *MasterCard Rules*, or a national bank holiday of at least four consecutive days prevented the acquirer from receiving a card-read or key-entered transaction within the applicable seven-calendar-day time frame.

Refer to section 3.22.8 Additional Processing Notes for information on presentment time frames applicable to transactions previously charged back under message reason code 4846.

The issuer may use the following values to determine whether a transaction has been completed with electronically or manually recorded card information.

| In this type of message... | IF a transaction is completed with manually recorded card information, THEN... | IF a transaction is completed with electronically recorded card information, THEN... |
|---|---|---|
| First Presentment/1240 message | DE 22, subfield 7 (POS Terminal PAN Entry Mode) contains a value of one of the following:<br><br>• 1 (manual input; no terminal)<br><br>• 0 (unspecified; data unavailable) | DE 22, subfield 7 contains any other valid value |
| Financial Transaction Advice/0220 (Debit MasterCard force post) message | DE 22, subfield 1 (Card Data: Input Mode) contains a value of one of the following:<br><br>• 01 (PAN manual entry)<br><br>• 00 (PAN entry mode unknown) | DE 22, subfield 1 contains any other valid value |

A Payment Transaction must be presented in clearing within one business day of the authorization date. Therefore, the issuer may submit a chargeback for a Payment Transaction using message reason code 4842 before the seven calendar day presentment time frame normally required for this message reason code.

The issuer must use good-faith efforts to collect the transaction amount from the cardholder before it exercises this chargeback right. The issuer cannot submit a chargeback for message reason code 4842 if the account is in good standing.

A *PayPass* transit transaction must be presented in clearing within 14 calendar days of the authorization date. Therefore, the issuer may submit a chargeback for a *PayPass* transit transaction using message reason code 4842 before the 30-calendar day presentment time frame normally required for this message reason code.

## 3.21.2 Specific Programs Using Message Reason Code 4842

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.21.3 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4842.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.21.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4842.

An acquirer that uses these remedies and makes the appropriate statements in DE 72 (Data Record) is stating that it has a copy of the TID, that it reviewed the TID, and that it verified the correct information. If any of these conditions cannot be met, the acquirer cannot remedy the chargeback.

**Table 3.98—Correct Transaction Date**

| IPM Second Presentment Message Reason Code | **2003**<br>Correct transaction date provided |
|---|---|
| **Second Presentment Condition** | The acquirer provides the correct transaction date that is within applicable time limit set forth in section 3.21 of this guide. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | CORRECT TRANS DATE MMDDYY |
| **Notes** | Replace **MMDDYY** with the correct date of the transaction. |

**Table 3.99—Account not Permanently Closed**

| IPM Second Presentment Message Reason Code | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | The acquirer may prove that the account is not permanently closed after the chargeback was processed. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

**Table 3.100—Delayed Presentment**

| IPM Second Presentment Message Reason Code | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | The acquirer delayed presentment due to:<br>a. The card acceptor's delay in submitting the transaction, as permitted under Rule 5.7.2, Submit Transactions within Three Business Days, of the *MasterCard Rules*; or<br>b. A national bank holiday of at least four consecutive days prevented the acquirer from receiving the transaction within the applicable seven-calendar-day time frame. |
| **Supporting Documents** | a. None<br>b. Official documentation from the banking regulator or other authority showing the dates of the national bank holiday. |
| **DE 72 (Data Record)** | DELAYED PRESENTMENT |
| **Notes** | None |

### 3.21.4.1 Additional Remedies

Acquirers can use the following additional second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4842:

* **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
* **2011**—Credit previously issued
* **2701**—Duplicate Chargeback
* **2702**—Past Chargeback Time Limit
* **2713**—Invalid Chargeback

## 3.21.5 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4842).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

* **48xx**—New valid message reason code
* **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.21.6 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

## 3.21.7 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

**Approved Late Presentment Transaction.** Proof of authorization will not remedy a chargeback if the authorization or transaction date is more than the applicable number of calendar days from the Central Site Business Date, as described in section 3.21 Message Reason Code 4842—Late Presentment of this guide.

**Determining the Transaction Date for T&E Transactions.** For card acceptors that provide a service and accept a MasterCard card to begin the service but cannot bill the cardholder until completion of the service (for example, vehicle rental and hotel card acceptors), MasterCard will consider the date of the transaction as the date that the services were completed. For vehicle rental card acceptors, the transaction date would be the date that the vehicle was returned to the rental agency. Traffic violations must be presented within 30 calendar days of receipt of the notification from the local traffic authorities. For hotel card acceptors, the transaction date would be the date that the cardholder checked out of the hotel.

**Potential Compliance Violation if Chargeback is not Available.** If a chargeback right does not exist under message reason code 4842 (for example, the cardholder account is not closed) and the late presentment of a transaction resulted in a fluctuation of currency and as a result, the issuer sustains a financial loss, it may be addressed as a compliance case. See section 5.7.2 of the *MasterCard Rules* manual and Chapter 2, Merchant Acceptance Procedures and Special Transaction Types of this guide.

For example, a cardholder made a purchase on 1 January while on an overseas vacation. If the acquirer processed the transaction in a timely manner, the conversion would have resulted in a transaction of USD 100. However, the acquirer did not process the transaction until 1 March. At that time, it was converted to USD 280. The issuer can file a compliance case for USD 180 (the difference between the two amounts).

**Transaction Date.** DE 12 (Date and Time, Local Transaction) identifies the transaction date in a First Presentment/1240 message.

**NOTE**

**DE 13 (Date, Local Transaction) identifies the transaction date in a Financial Transaction Advice/0220 (Debit MasterCard force post) message.**

**Conflicting Data.** In the event the issuer is able to confirm conflicting data between the authorization and clearing messages, such as when the authorization indicates manual recording of data and the clearing indicates electronic recording of data, MasterCard will apply the time frame of 30 calendar days to this message reason code.

# 3.22 Message Reason Code 4846—Correct Transaction Currency Code Not Provided

The following sections describe the proper and improper use for message reason code 4846.

## 3.22.1 Proper Use of Message Reason Code 4846

The issuer may charge back under this message reason code if one of the following circumstances occurs:

- The acquirer did not transmit the correct transaction currency code (DE 49) for the currency in which the transaction was completed.
- The transaction occurred in a dual currency environment, and a transaction currency is not specified on the TID.
- POI currency conversion disputes—a cardholder states in writing that he or she was not given the opportunity to choose the desired currency in which the transaction was completed or did not agree to the currency of transaction.
- The transaction amount is provided in a different currency for information purposes, and this currency is incorrectly processed as the transaction currency.

This chargeback must be for the full amount of the transaction. The issuer must use Function Code 450 (Full Amount).

**No Specified Currency on TID.** If no currency indicator is specified on the transaction receipt, the currency which is legal tender in the country where the transaction took place is the original transaction currency.

## 3.22.2 Improper Use for Message Reason Code 4846

Issuers cannot use this message reason code to address **verbal agreements** of transaction currency between a cardholder and a card acceptor.

## 3.22.3 Specific Programs Using Message Reason Code 4846

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E Transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.22.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4846.

**Table 3.101—Incorrect Transaction Currency Code Transmitted**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | The acquirer transmitted the incorrect currency code. |

**Table 3.102—Cardholder POI Currency Conversion**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Both of the following:<br>• Cardholder letter or completed Expedited Billing Dispute Resolution Process (Form 430).<br>• Copy of TID, if applicable |
| **DE 72 (Data Record)** | POI CURRENCY CONVERSION |
| **Notes** | The cardholder was not given the opportunity to choose the currency type or did not agree to the currency type. |

## 3.22.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer can use to process a second presentment for message reason code 4846.

**Resolving Chargebacks Resulting from the use of Incorrect Currency Types.** If the chargeback is valid, the acquirer should process the transaction as a First Presentment/1240 message with the correct transaction currency. The new presentment must be processed electronically within 30 calendar days of the Central Site Business Date of the first chargeback in order for the acquirer to be protected from a chargeback under message reason code 4842 (Late Presentment).

Processing the new presentment in the above manner will ensure that the issuers chargeback rights and time frames are protected, and the issuer will re-bill the cardholder for the correct transaction amount.

**NOTE**

**For POI currency conversion disputes where the cardholder states that he or she was not given the opportunity to choose the desired currency in which the transaction was to be completed or did not agree to the currency of the transaction, the acquirer must resubmit the transaction as a new First Presentment/1240 message in the card acceptor's local currency. The acquirer is prohibited from using the second presentment to dispute the validity of the cardholder's claim regarding the selection of or non-agreement to the currency.**

**Resolving Chargebacks Related to POI Currency Conversion.** The contents of the TID are taken into account only in determining whether POI currency conversion has taken place on a transaction. They neither prove nor disprove the cardholder's agreement for the conversion. The chargeback is valid, the acquirer should process the transaction as a First Presentment/1240 message in the card acceptor's local currency. The new presentment must be processed within 30 calendar days of the Central Site Business Date of the first chargeback in order for the acquirer to be protected from a chargeback under message reason code 4842 (Late Presentment).

When converting the new transaction presented in the card acceptor's local currency to the cardholder's billing currency, the issuer should apply the conversion rate that was in effect on the date of the original transaction.

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer determines that the chargeback was invalid because the correct transaction amount and currency code were provided.<br>In a dual currency environment, the card acceptor specified a currency indicator on the TID. |
| **Supporting Documents** | Documentation proving the correct currency was provided or specified |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.22.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4846:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2002**—Non-receipt of Required Documentation to Support Chargeback
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2710**—Scanning error—unrelated documents or partial scan
- **2713**—Invalid Chargeback

## 3.22.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4846).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.22.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

## 3.22.8 Additional Processing Notes

**Applicable Currency Conversion Date.** When the original presentment occurs, MasterCard uses the conversion rate in effect at the time of the Central Site Business Date.

**Location of Currency Type on TID.** The currency type is obtained from the "Total Amount" portion of the TID.

# 3.23 Message Reason Code 4847—Requested/Required Authorization Not Obtained and Fraudulent Transaction

The following sections provide information on the proper and improper use of message reason code 4847

## 3.23.1 Proper Use of Message Reason Code 4847

The issuer may charge back a transaction under this message reason code if one of the following circumstances occurs:

- The transaction was face-to-face, card-read or key-entered, occurred at a location with a POS device that had both online and magnetic stripe-read capability, and was not authorized.
- The transaction was non–face-to-face and was not authorized.
- A magnetic stripe-read transaction was performed at a POI terminal located in the Europe region with at least magnetic stripe reading capability, the card had a service code of X2X (Positive Online Authorization Only), and the transaction was not authorized.
- The transaction amount exceeded the floor limit established by MasterCard in effect at the time of purchase, and was not authorized.
- The authorization request was declined, even if the transaction was below the card acceptor's floor limit.
- Technical fallback and CVM fallback transactions that were not authorized.

**In addition, the cardholder states in writing that neither he, she, nor anyone authorized by him or her, engaged in the transaction.**

**Partial Authorization.** If the issuer authorized the transaction for less than the settled amount, it may charge back only the unauthorized portion of the amount.

**Partial Authorization of Automated Fuel Dispenser (MCC 5542) transactions.** If an Authorization Request/0100 message indicates that an automated fuel dispenser card acceptor supports partial authorization, and the transaction amount exceeds the partial approval amount in DE 6 of the Authorization Request Response/0110 message, the issuer may charge back the difference between the transaction amount and the partial approval amount. This applies even if the authorization request was for USD 1 from a U.S. region card acceptor.

**International transactions** that were converted to a different currency, the issuer must provide the following information in DE 72 (Data Record) of the First Chargeback/1442 message:

- Amount of the transaction in the transaction currency
- Applicable MasterCard floor limit in the location where the transaction took place
- Appropriate card acceptor business code (MCC) (optional)
- For transactions that occur outside the U.S. region, issuers may use this message reason code only if the settled transaction amount exceeds the amount authorized by more than 10 percent. This rule allows for different currency conversion rates that could have been applicable on the authorization and processing dates.

**CAT Level 3.** For transactions identified as CAT Level 3 in the acquirer's First Presentment/1240 message, an issuer may charge back any transaction greater than the maximum transaction amount of one of the following:

- EUR 25 for *PayPass*-only transactions occurring in Germany or

    - PLN 50 for *PayPass*-only transactions occurring in Poland or

    - CHF 40 for *PayPass*-only transactions occurring in Switzerland or

    - GBP 10 for *PayPass*-only transactions occurring in the United Kingdom at:

        Any type of parking meter properly identified with MCC 7523 (Automobile Parking Lots and Garages)

        "Select first" vending machines properly identified with MCC 5499 (Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores). "Select first" vending machines require the cardholder to make a selection before initiating payment.

    Refer to section 2.12.2 *PayPass*-only Acceptance of this guide for information on PayPass-only acceptance.

- EUR 50 for intra-European transactions

- USD 40 for all other transactions

**Multiple Authorizations.** Before charging back, issuers must consider that vehicle rental and hotel/motel transactions might have multiple authorizations. The transaction date can be different from the actual sale date. Additionally, issuers must consider that a single authorization for multiple airline first presentments may be for the total of all the airline first presentments. MasterCard suggests that issuers check their authorization logs for at least three days before and three days after the transaction date.

**Merchant Advice Code.** MasterCard strongly recommends that the issuer provide a Merchant Advice Code (MAC) in DE 48 (Additional Data—Private Use), subelement 84 (Merchant Advice Code) of each Authorization Request Response/0110 message in which a decline response is given. Refer to Chapter 11 of the *Authorization System Manual* for a list of valid MAC values.

**Online-Capable POS Device.** MasterCard defines an online-capable POS device as any device that electronically contacts the acquirer's host for the purpose of obtaining an authorization.

**Magnetic Stripe POS Device.** Magnetic stripe POS devices are identified in GCMS DE 22 subfield 1 (Terminal Data: Card Data Input Capability) with the following values:

- **2**—Magnetic stripe reader capability

- **B**—Magnetic stripe reader and key-entry capability

- **C**—Magnetic stripe reader, integrated circuit card (ICC), and key-entry capability

- **D**—Magnetic stripe reader and ICC capability

### 3.23.2 Improper Use of Message Reason Code 4847

The issuer may not use this message reason code for the following types of transactions:

- Automated Fuel Dispenser (MCC 5542). The issuer cannot charge back a transaction effected with a MasterCard Corporate Card®, MasterCard Corporate Executive Card®, MasterCard Corporate Fleet Card®, or MasterCard Corporate Purchasing Card™, and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 150, if the transaction was identified in the authorization request with MCC 5542 and CAT 2, and authorized by the issuer for USD 1.

  The issuer cannot charge back a transaction effected with any other MasterCard card and processed at a cardholder-activated automated fuel dispenser card acceptor located in the U.S. region for any amount less than or equal to USD 100, if the transaction was identified in the authorization request with MCC 5542 and CAT 2, and authorized by the issuer for USD 1. If the transaction amount exceeds USD 100, the issuer may charge back only the difference between the transaction amount and USD 100.

- Valid chip transactions where DE 55 and related data were provided in the First Presentment/1240 message.

- If the issuer provided authorization for an amount greater than the amount settled.

- If the issuer authorized amount and the actual transaction amount are within the following parameters:
  - Gratuity is Added—20 percent
  - Hotel/Motel—15 percent
  - Vehicle Rental—15 percent
  - Cruise Lines—15 percent

- The issuer cannot charge back a properly identified *PayPass* transit transaction at a transit card acceptor for any amount equal to or less than the chargeback protection amount, if all of the following:
  - An Authorization Request/0100 message was generated by the transit card acceptor for USD 1 (or the approximate equivalent in one whole unit of local currency; for example, EUR 1 or JPY 1).
  - The issuer approved the transaction.
  - The transaction amount was equal to or less than the chargeback protection amount as published in Appendix C, Chargeback Protection Amounts of this guide.
  - The maximum time period from the first *PayPass* tap until the First Presentment/1240 message is generated was 14 calendar days or less.

If the transaction amount exceeds the chargeback protection amount, then the issuer may charge back only the difference between the transaction amount and the chargeback protection amount.

For further information, refer to section 2.1.3 Obtaining an Authorization for Hotel/Motel, Cruise Line, and Vehicle Rental Transactions and section 2.1.4 Obtaining an Authorization When a Gratuity is Added of this guide.

### 3.23.3 Specific Programs Using Message Reason Code 4847

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.23.4 Proper Use for Issuer's First Chargeback

The condition shown below represents a valid option that the issuer can use to process a first chargeback for message reason code 4847.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or cardholder affidavit of alleged fraud |
| **DE 72 (Data Record)** | None, or optimally one of the following:<br><br>• **For international transactions or for international transactions that were converted to a different currency:** TRANS CUR $$$$$$$$ MCFL $$$$$$$ and optionally, MCC NNNN<br><br>• **For *PayPass*-only CAT 3 transactions occurring in Germany, Poland, Switzerland, or the United Kingdom at one of the following**:<br><br>  – Any type of parking meter properly identified with MCC 7523 (Automobile Parking Lots and Garages)<br><br>  – "Select first" vending machines properly identified with MCC 5499 (Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores). "Select first" vending machines require the cardholder to make a selection before initiating payment: CAT LEVEL 3 EXCEEDS PAYPASS<br><br>• For a magnetic stripe-read transaction involving a card with service code X2X that was performed at a POI terminal located in the Europe region: SC X2X<br><br>• **For all other CAT 3 transactions:** LAT LEVEL 3 EXCEEDS USD 40<br><br>• **For Intra-European CAT 3 transactions:** LAT LEVEL 3 EXCEEDS EURO 50<br><br>• **For any declined transaction:** AUTHORIZATION DECLINED MMDDYY |
| **Notes** | Replace TRANS CUR **$$$$$$$$** with the amount of the transaction currency.<br><br>Replace MCFL **$$$$$$$** with the MasterCard floor limit.<br><br>Optionally, replace **NNNN** with the Merchant Category Code (MCC) of the transaction.<br><br>Replace **MMDDYY** with the date the authorization request was declined. |

### 3.23.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4847.

Members should refer to section 3.2.1 Merchant Authorization Reversals of this guide for processing procedures and applicable remedies for transactions involving merchant authorization reversals. Refer to section 4.7.16 Example 16—Merchant Reversals of this guide for additional information.

**Banknet network "refer" authorization response.** An acquirer must contact the issuer for further instructions concerning the transaction as a result of a Banknet network "refer" authorization response. Acquirers may use GARS to connect with the issuer. In such cases, there may be no electronic record of the authorization code, because it may have been communicated verbally by the issuer. MasterCard records will show that the connection between the card acceptor, or acquirer, and the issuer has been made. Therefore, the issuer must use its internal authorization logs, or other such media, that report authorization responses given as a result of "call referral" response if the acquirer provides documentation that substantiates approval was given for the transaction when the acquirer connected with the issuer via GARS or a telex.

**Table 3.103—Incorrect Transaction Date**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2003**<br>Correct transaction date provided. |
| **Second Presentment Condition** | The acquirer must document that the transaction was authorized, but was processed with an incorrect transaction date, by providing both the correct and incorrect transaction dates. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS DATE MMDDYY NOT MMDDYY |
| **Notes** | In **TRANS DATE MMDDYY**, replace **MMDDYY** with the correct transaction date.<br>In **NOT MMDDYY**, replace **MMDDYY** with the incorrect transaction date. |

**Table 3.104—Corrected Information**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | One of the following corresponding to the IPM Second Presentment message reason code:<br>a. **2005** Correct card acceptor location/description provided<br>b. **2705** Correct MCC provided |
| **Second Presentment Condition** | One of the following corresponding to the IPM Second Presentment condition:<br>a. The acquirer must document that the transaction was improperly described when originally presented.<br>b. The acquirer must document that the transaction did not require authorization. (For example, the acquirer can provide the correct MCC.) |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | One of the following:<br>a. Correct card acceptor location/description<br>b. MCCNNNN |
| **Notes** | Replace **NNNN** with the Merchant Category Code (MCC) of the transaction. |

**Table 3.105—Authorized Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | One of the following:<br>• The acquirer may document that the card acceptor received authorization for the transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer.<br>• The transaction occurred at an automated fuel dispenser in the U.S. region, the approved USD 1 authorization request identified with MCC 5542 and CAT 2 did not contain the Partial Approval Terminal Support Indicator, and the transaction amount did not exceed USD 150 when effected with a MasterCard Corporate Card, MasterCard Corporate Executive Card, MasterCard Corporate Fleet Card, or MasterCard Corporate Purchasing Card or USD 100 when effected with any other MasterCard card. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS AUTHORIZED MMDDYY NO.NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

### Table 3.106—GARS "Call Referral" or Telex

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer proves that the card acceptor received authorization for the transaction amount or greater as a result of a GARS "call referral" or telex to the issuer. |
| **Supporting Documents** | Authorization log or documentation substantiating that the acquirer or card acceptor had connected with the issuer via GARS or telex. |
| **DE 72 (Data Record)** | CALL REFERRAL AUTH MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

### Table 3.107—Multiple Authorizations

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer-authorized transaction |
| **Second Presentment Condition** | The acquirer must document that the card acceptor (such as, hotel, motel, or vehicle rental) received multiple authorizations for the transaction amount or greater from the issuer, its agent, or MasterCard on behalf of the issuer. |
| **Supporting Documents** | Copies of logs showing the multiple authorizations |
| **DE 72 (Data Record)** | MULTIPLE AUTHORIZATIONS |
| **Notes** | None |

### Table 3.108—Partial Authorization

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction |
| **Second Presentment Condition** | The acquirer must document the partial authorization by providing the amount that was approved, the authorization approval code, and the date of the authorization. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | $$$$$$ CODE XXXXXX MMDDYY |
| **Notes** | The acquirer can submit a second presentment only for the authorized amount with a function code of 282 (Partial Amount).<br>Replace **$$$$$$** with the transaction amount approved by the issuer.<br>Replace **XXXXXX** with the authorization approval code.<br>Replace **MMDDYY** with the date the issuer authorized the transaction. |

**Table 3.109—Telecom/POS Device Failure**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer must document that the transaction was under the published floor limit and there was a telecommunication failure or POS device failure at the time of the purchase. |
| **Supporting Documents** | Formal affidavit of telecommunication failure or POS device failure from the card acceptor |
| **DE 72 (Data Record)** | One of the following:<br>• TELECOM FAILURE<br>• POS DEVICE FAILURE |
| **Notes** | None |

**Table 3.110—DE 55 was not Provided in the First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | Both of the following:<br>• The acquirer can prove the transaction was a valid chip transaction.<br>• The transaction did not require online authorization and DE 55 and related data was not provided in the First Presentment/1240 message. |
| **Supporting Documents** | DE 55 and related data |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.111—Suspicious Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2706**<br>Authorization advised suspicious |
| **Second Presentment Condition** | The acquirer must document that the issuer was advised that the transaction was suspicious. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | ADVISED SUSPICIOUS MMDDYY |

| Notes | Replace **MMDDYY** with the date of the Authorization Request/0100 message. |
|---|---|
| | An acquirer may submit a second presentment under message reason code 4847 if the transaction meets all the conditions stated below. The acquirer must use DE 72 (Data Record) ADVISED SUSPICIOUS MMDDYY and give the authorization request date that the card acceptor advised the issuer that the transaction was suspicious. |
| | • A code 10 was present in the Authorization Request/0100 message, which indicates that the card acceptor was suspicious of the cardholder or the nature of the transaction. |
| | • A decline response was in the Authorization Request Response/0110 message. |
| | • The card acceptor already had relinquished unrecoverable goods or provided services (for example, transactions at a restaurant) before becoming suspicious and initiating the authorization request. |
| | • The transaction amount was equal to or under the card acceptor's chargeback protection amount. |

**Table 3.112—No Authorization Request Required or Attempted**

| IPM Second Presentment Message Reason Code | **2707** |
|---|---|
| | No authorization request required or attempted |
| **Second Presentment Condition** | The acquirer must state that the transaction was under the published floor limit and one of the following: |
| | a. Completed at a point-of-sale (POS) device that did not have both online and magnetic stripe-read capability |
| | b. The card data was captured via a manual imprint |
| | c. Show evidence that the service code on the card was not X2X. |
| **Supporting Documents** | a. None |
| | b. A copy of a manually imprinted TID |
| | c. Proof that the service code was not X2X |
| **DE 72 (Data Record)** | a. POS DEVICE NOT ONLINE |
| | b. None 3 |
| | c. SC not X2X |
| **Notes** | Under (c.), if the issuer stated in the first chargeback that the service code was X2X, the acquirer must provide evidence that the magnetic stripe did not contain a service code of X2X. Such evidence may consist of a different authorization attempt showing a different service code. |

**Table 3.113—DE 55 was Provided in the First Presentment/1240 Message**

| IPM Second Presentment Message Reason Code | 2713 Invalid Chargeback |
|---|---|
| Second Presentment Condition | Both of the following: • The acquirer can prove the transaction was a valid chip transaction. • DE 55 and related data was provided in the First Presentment/1240 message. |
| Supporting Documents | None |
| DE 72 (Data Record) | DE 55 PREVIOUSLY PROVIDED |
| Notes | None |

### 3.23.5.1 Additional Remedies

In addition to the codes in the previous section, acquirers may use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4847:

• **2002**—Non-receipt of required documentation to support chargeback

• **2004**—Invalid Acquirer Reference Data on chargeback, documentation was received

• **2011**—Credit previously issued

• **2700**—Chargeback remedied. See corresponding documentation.

• **2701**—Duplicate Chargeback

• **2702**—Past Chargeback Time Limit

• **2709**—Documentation received was invalid

• **2710**—Scanning error—unrelated documents or partial scan

## 3.23.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4847).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

Issuers must be aware that they are responsible for transactions in which the issuer or its agent could not respond to the call referral in a timely manner, through either GARS or the MasterCard Authorization Support, and in which GARS routed the call referral to the MasterCard Central Site Stand-In processing facility and the transaction was approved.

**Table 3.114—Second Presentment Failed to Remedy**

| | |
|---|---|
| **IPM Arbitration Chargeback message reason code** | **4847**<br>Requested/required authorization not obtained and fraudulent transaction |
| **Arbitration Chargeback Details** | The second presentment failed to remedy the chargeback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Reason for the return |
| **Notes** | None |

**Table 3.115—GARS "Call Referral" or Telex**

| | |
|---|---|
| **IPM Arbitration Chargeback message reason code** | **4847**<br>Requested/required authorization not obtained and fraudulent transaction |
| **Arbitration Chargeback Details** | In situations involving a GARS or telex "call referral" authorization response, the issuer substantiates that the authorization was not granted. |
| **Supporting Documents** | Authorization log or other internal issuer media that reports authorization responses given as a result of a GARS or telex "call referral" that documents that an approval response was not given. |
| **DE 72 (Data Record)** | CALL REFERRAL AUTH NOT OBTAINED |
| **Notes** | None |

**Table 3.116—POS Device Not Online**

| | |
|---|---|
| **IPM Arbitration Chargeback message reason code** | **4847**<br>Requested/required authorization not obtained and fraudulent transaction |
| **Arbitration Chargeback Details** | In situations involving a POS DEVICE NOT ONLINE second presentment response in DE 72 (Data Record), the issuer substantiates that the card acceptor previously has processed online authorization requests. |
| **Supporting Documents** | Authorization log or other internal issuer media that reports online authorization requests processed by the card acceptor. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New and valid chargeback reason
- **4901**—Required Documentation was not Received to Support Prior Second Presentment/1240
- **4902**—Documentation received was Illegible
- **4903**—Scanning Error—Unrelated Documents or Partial Scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (required documentation) Must be used when Message 2004 is received from the acquirer

## 3.23.7 Arbitration Case Filing

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.23.8 Handling Fees

Refer to section 3.8 Progressive Handling Fees for the standard procedure.

# 3.24 Message Reason Code 4849—Questionable Merchant Activity

The following sections describe the proper and improper use of message reason code 4849.

## 3.24.1 Proper Use of Message Reason Code 4849

Issuers can use this chargeback only if the acquirer processed a transaction for a card acceptor that later was listed in a MasterCard *Global Security Bulletin* for violating:

- Rule 5.7.1, Valid Transactions, of the *MasterCard Rules* manual, under the program described in section 8.1 of the *Security Rules and Procedures* manual.

- The Global Merchant Audit Program (GMAP), described in section 8.2 of the *Security Rules and Procedures* manual.

- The Cardholder-Merchant Collusion (CMC) Program, described in section 8.4 of the *Security Rules and Procedures* manual.

  Before using this chargeback, the issuer must have reported the transaction to SAFE in accordance with Chapter 1 of the *Complete SAFE Manual*. This is a retroactive chargeback right.

### 3.24.1.1 Transaction Eligibility

MasterCard provides chargeback rights to the issuer under this message reason code when:

- The acquirer name, acquirer ID, merchant name, and merchant location are listed in the *Global Security Bulletin* under the Global Merchant Audit Program (GMAP). Each transaction charged back must have occurred during the published chargeback period, and the issuer must have properly reported the transaction to SAFE with one of the following fraud type codes:

  **00** = Lost Fraud

  **01** = Stolen Fraud

  **04** = Counterfeit Card Fraud

  **06** = Card Not Present Fraud

  **07** = Multiple Imprint Fraud

- The acquirer name, acquirer ID, merchant name, and merchant location are listed in the *Global Security Bulletin* under the Cardholder Merchant Collusion (CMC) Program. Each transaction must have occurred within the chargeback period published in the *Global Security Bulletin*. The issuer must have properly reported the transaction to SAFE. All fraud type codes are eligible.

- The acquirer name, acquirer ID, merchant name, and merchant location are listed in the *Global Security Bulletin* as a result of violating Rule 5.7.1, Valid Transactions, of the *MasterCard Rules* manual, and the issuer properly reported the transaction to SAFE. All fraud type codes are eligible.

- If the issuer determines that the UCAF data that the acquirer provided in the Authorization Request/0100 message is not identical to the UCAF data that the issuer provided for that transaction, the issuer's right of chargeback under this reason code is preserved.

### 3.24.1.2 Time Frame for Issuer's Chargeback

The issuer can charge back to the acquirer any fraudulent transactions that occurred at a merchant location listed in the *Global Security Bulletin* during the chargeback period specified in the *Global Security Bulletin.* The chargebacks must be submitted no later than 120 calendar days after the *Global Security Bulletin* publication date that first listed the merchant location (the *Global Security Bulletin* publication date is counted as the first day of the 120-day calculation) or within 120 calendar days of the Central Site Business Date of the transactions.

In addition to the above, for eligible fraudulent transactions affected by a *Global Security Bulletin* that retracts chargeback permission, the issuer may submit chargebacks until the publication date of the *Global Security Bulletin* stating that the acquirer of the merchant no longer is required to accept chargebacks under this message reason code.

## 3.24.2 Improper Use of Message Reason Code 4849

The issuer may not use this message reason code in the following situations:
- Chip/PIN transactions where the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.
- The issuer did not properly report the transaction to SAFE within the applicable time frame in accordance with Chapter 1 of the *Complete SAFE Manual*.
- The transaction reported to SAFE is not a fraud type eligible for chargeback under the applicable program. Refer to section 3.24.1.1 Transaction Eligibility for a description of eligible types under each program.
- The MasterCard® *SecureCode*™ global liability shift for e-commerce transactions is in effect, and **all** of the following conditions occur:
  – The merchant is MasterCard *SecureCode*™ Universal Cardholder Authentication Field (UCAF™)-enabled.
  – The issuer provided the UCAF data for that transaction.
  – All other e-commerce Authorization Request/0100 message and clearing requirements were satisfied.
  – The Authorization Request Response/0110 message reflected the issuer's approval of the transaction.
- Both the issuer and acquirer are located in a country or region in which an intracountry or intraregional chip liability shift or the interregional Chip Liability Shift Program (Level 1) is in effect and the transaction was all of the following:
  – Processed at a hybrid terminal.
  – Reported to SAFE as counterfeit fraud.

– Identified properly as either a chip transaction in the clearing record or a magnetic stripe transaction in the Authorization Request/0100 message was approved by the issuer.

• Under GMAP, issuers may not use message reason code 4849 if the transaction was reported to SAFE with a fraud type code of Never Received Issue (02), Fraudulent Application (03), Account Takeover Fraud (05), or Bust-out Collusive Merchant (51).

## 3.24.3 Specific Programs Using Message Reason Code 4849

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard® Electronic Card.

## 3.24.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4849.

| | |
|---|---|
| **Time Frame** | 120 calendar days from the *Global Security Bulletin* publication date, or if applicable, within 120 calendar days of the Central Site Business Date of the transaction |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | PROGRAM XXXXXX BULLETIN NO. NNN |
| **Notes** | Where **XXXXXX** is the compliance program identified in the *Global Security Bulletin*: |
| | • **INVAL** = Violation of Rule 5.11.1, Valid and Invalid Transactions |
| | • **GMAP** = Global Merchant Audit Program |
| | • **CMC** = Cardholder-Merchant Collusion Program |
| | Replace **NNN** with the applicable *Global Security Bulletin* number. |
| | The *Global Security Bulletin* number is a three-digit number in which the last digit of the year is represented by the first digit of the Bulletin number, and the second and third digits represent the *Global Security Bulletin* month. (For example, bulletin number 6 June in the year 2007 would be shown as *Global Security Bulletin* number 706.) |

## 3.24.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer can use to process a second presentment for message reason code 4849.

**Table 3.117—MasterCard *SecureCode* Global Liability Shifts**

| IPM Second Presentment Message Reason Code | **2008**<br>Issuer Authorized the Transaction. |
|---|---|
| **Second Presentment Condition** | The acquirer can show both of the following:<br>• The transaction approved by the issuer contained a valid Accountholder Authentication Value (AAV) in the UCAF that the issuer or its service provider provided (DE 48, subelement 43).<br>• All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record.<br>(Refer to the *Customer Interface Specification* manual for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction.) |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN |
| **Notes** | **MMDDYY** = Authorization date<br>**NNNNNN** = Authorization approval code |

**Table 3.118—Chip—Transaction Reported to SAFE**

| IPM Second Presentment Message Reason Code | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
|---|---|
| **Second Presentment Condition** | The acquirer can demonstrate that the intraregional transaction was reported to SAFE as counterfeit fraud and occurred at a hybrid terminal (except for the U.S. region or until 15 October 2010, the Canada region). |
| **Supporting Documents** | None if providing data record text (DE 72).<br>Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB), or the Acquirer Transaction Data Report via Fraud Reporter. |
| **DE 72 (Data Record)** | CHIP TERMINAL DE 22, s1, value = 5, C, D, E, or M |
| **Notes** | None |

**Table 3.119—Improper SAFE Reporting**

| IPM Second Presentment Message Reason Code | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | The acquirer can show that the issuer did not properly report the transaction to SAFE within the applicable time frame specified in the *Security Rules and Procedures* manual. |

| Supporting Documents | None |
|---|---|
| **DE 72 (Data Record)** | IMPROPER SAFE REPORTING |
| **Notes** | None |

**Table 3.120—Ineligible Fraud**

| **IPM  Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | The acquirer can show that the fraud type of the transaction is not eligible for chargeback under the GMAP. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | FRAUD TYPE |
| **Notes** | None |

**Table 3.121—Not listed in MasterCard Global Security Bulletin**

| **IPM  Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | The acquirer can support its assertion that **either** of the following:<br>• The card acceptor in question was not listed in the MasterCard *Global Security Bulletin.*<br>• The transaction did not occur within the period specified. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | MERCHANT NOT LISTED INVALID TRANSACTION DATE |
| **Notes** | None |

### 3.24.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4849:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit

## 3.24.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4849).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**Table 3.122—MasterCard *SecureCode* SL2 (Global Liability Shift)**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4849**<br>Questionable Merchant Activity |
| **Arbitration Chargeback Details** | The issuer can demonstrate that the value contained in the UCAF data (DE 48, subelement 43) within the Authorization Request/0100 message is not identical to the value that the issuer or its service provider provided for the authorization. |
| **Supporting Documents** | A copy of a system log supporting the issuer's claim of a discrepancy between the UCAF data (DE 48, subelement 43) in the Authorization Request/100 message and the AAV. |
| **DE 72 (Data Record)** | INVALID UCAF |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code

- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.24.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

## 3.24.8 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

**SAFE Reporting.** The acquirer can check its Acquirer's Loss Data File, Acquirer Loss Data report (AF739010-BB), or Acquirer Transaction Data Report via Fraud Reporter to confirm that the issuer reported the transaction to SAFE or that the transaction resulted from a fraudulent application, account takeover, Never Received Issue (NRI), or counterfeit card (counterfeit fraud type applies only when the POI terminal was a hybrid terminal).

The Acquirer Loss Data File and the Acquirer Loss Data report are optional and must be requested by submitting the form found in the back of the *Security Rules and Procedures* manual or in the Business Forms section of Member Publications on MasterCard OnLine™.

The specifications for processing the Acquirer Loss Data File and the Acquirer Loss Data report can be found in the SAFE chapter of the *Complete SAFE Manual*.

The Acquirer Transaction Data Report is available to all acquirers registered for the Fraud Reporter tool, available via MasterCard OnLine.

Detailed descriptions of the Acquirer Loss Data Report and Acquirer Transaction Data Report can be found in the *Complete SAFE Manual*.

**Retroactive Chargeback**. A new first chargeback is allowed under this message reason code if a previous chargeback was not successful and all requirements under this message reason code have been met.

# 3.25 Message Reason Code 4850—Credit Posted as a Purchase

The following sections describe the proper and improper use of message reason code 4850.

## 3.25.1 Proper Use of Message Reason Code 4850

Issuers can use message reason code 4850 when either:

- A cardholder account has been inaccurately posted with a debit instead of a credit as a result of an incorrect transaction code or keying error. For example, the card acceptor posted a credit as a retail sale.

- The chargeback amount is twice the original transaction amount to offset the original error. The issuer should then correctly credit the cardholder's account.

## 3.25.2 Improper Use of Message Reason Code 4850

The issuer cannot use this message reason code when a retail sale is processed as a cash disbursement. Members must accept these transactions and collect the difference in the interchange fee and cash disbursement fee directly from the acquirer. If an issuers attempt to collect the difference directly from the acquirer proves unsuccessful, the issuer should contact the Senior Vice President of Customer Technology and Operations Services at MasterCard or the Customers Operations Services Department at MasterCard Europe for intra-European transactions.

## 3.25.3 Specific Programs Using Message Reason Code 4850

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.25.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4850.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |

| | |
|---|---|
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.25.5 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option for the acquirer to process a second presentment for message reason code 4850.

**Table 3.123—Invalid Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can substantiate that the chargeback was invalid. For example, the card acceptor correctly processed the transaction. |
| **Supporting Documents** | The acquirer must provide a copy of the TID as proof of the retail sale instead of a credit. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.25.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for chargeback message reason 4850:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2713**—Invalid Chargeback

## 3.25.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4850).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**Message Reason Code Change.** The issuer should review second presentment documentation in situations where the acquirer provided a copy of the transaction information document (TID) documenting that the transaction was processed correctly as a retail transaction instead of as a credit transaction, to determine whether the reason code can be changed. For example, a message reason code change may be available if a retail TID provided by the acquirer is handwritten and the cardholder claims that it is unauthorized and the cardholder also has a copy of the credit slip. The issuer may consider processing an arbitration chargeback for the transaction that was second-presented and change the transaction amount and the message reason code from 4850 to 4837—No Cardholder Authorization. If still within time, the original transaction that debited the cardholder then could be charged back for message reason code 4860. All chargebacks must be processed with the proper documentation and within the required time frames.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4850**<br>Credit posted as a purchase |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the new information and rebutting any card acceptor explanation.<br>The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code

- **4901**—Required documentation not received to support prior Second Presentment/1240

- **4902**—Documentation received was illegible

- **4903**—Scanning error—Unrelated documents or partial scan

- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240; documentation was received or was not required

Refer to section for the standard procedure.

## 3.25.7 Arbitration Case Filing

Refer to section for the standard procedure.

# 3.26 Message Reason Code 4853—Cardholder Dispute—Defective/Not as Described

The following sections describe the proper and improper use of message reason code 4853.

## 3.26.1 Proper Use of Message Reason Code 4853

Members may use message reason code 4853 if the cardholder engaged in the transaction and returned goods or services (or tendered their return) to a card acceptor for any of the following reasons:

- Goods and services did not conform to their description. For example:
  - The cardholder states that the quality or workmanship of the product is not as described.
  - A cardholder states that the specified color, size, or quantity is not as described.
- Terms and conditions of a contract such as 100 percent money back guarantee, written promises, or return policy.
- When delivered from the card acceptor, the goods arrived broken or could not be used for the intended purpose. For example, the cardholder received airline tickets after the date of the flight.

**Chargeback Amount.** The issuer can submit this chargeback only for the disputed amount. If the issuer disputes only a part of the transaction amount, it must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).

**Time Frame Exceptions.** If the cardholder **returned the merchandise**, the issuer must wait 30 calendar days from the date the merchandise was returned before submitting a chargeback. The only exception to the 30-day period is if the waiting period would exceed the 120-calendar day chargeback time frame. This chargeback does not require the card acceptor to be in possession of the goods if the cardholder had made the goods available to the card acceptor. For example, the cardholder requested that the card acceptor arrange to have the merchandise picked up and returned to the card acceptor's location.

In cases that involve proper disclosure of **delayed delivery**, the 120-calendar day period is calculated from the latest anticipated delivery date of the goods or services shown on documentation from the card acceptor. This documentation can include the invoice, shipping document, or letter on the card acceptor's letterhead.

For issues of **interrupted services** only, the maximum time frame is 540 days.

**Prerequisites for Face-to-Face Quality/Misrepresentation.** The goods or services did not conform to the card acceptor's description, or the goods were of different quality, quantity, color, or size.

- For example, these issues include disputes about the following:
  - Quality of a gemstone
  - Workmanship of a handcrafted item
  - Quality of repairs
  - Health of a plant or animal

- Documentation stating the cardholder engaged in the transaction and a description of the goods or services from the card acceptor.

- Explanation of:
  - The goods or services actually received by the cardholder
  - The value of the partial goods or services received (if possible) by the cardholder.
  - How the cardholder returned the goods or informed the card acceptor the goods were available for pickup.
  - How the cardholder contacted the card acceptor to resolve the dispute, and the card acceptor refusal to adjust the price, repair or replace the goods or other things or value, or issue a credit.

- **Merchant Contact Requirement Example.** The cardholder must specify that he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

- **Specific documentation from an expert or professional** that supports the cardholder's dispute about the level of quality or misrepresentation described on the original receipt, invoice, work order, brochure, contract, or appraisal. For example, a licensed gemologist, a professional artisan, a licensed professional repair worker, or a licensed veterinarian. Documentation from an expert or professional must be either:
  - Provided on the expert's or professional's letterhead
  - Validated by other information that would demonstrate that the opinion expressed is that of a recognized expert or professional. Other information could include, by way of example and not limitation, a copy of a license in the field in which the expert is rendering an opinion, or a copy of the expert's business card.

**NOTE**

**Terms and conditions issues are documented by the signed agreement or TID but do not require a letter from an expert or professional.**

**Prerequisites Non–Face-to-Face Quality/Misrepresentation.** The goods or services differs from what the card acceptor specified verbally or in writing for the transaction. (For example, MO/TO, internet.)

- For example, these issues include disputes about the following:
  - Quality of a gemstone
  - Workmanship of a handcrafted item
  - Quality of repairs
  - Health of a plant or animal
- Documentation stating the cardholder engaged in the transaction and a description of the goods or services from the card acceptor.
- When a written card acceptor description of the goods or services was not provided at or before the time of sale, the cardholder's dispute letter must additionally specify:
  - What the cardholder expected as a result of what the card acceptor told him or her.
  - What the cardholder received; for example, the merchandise was the wrong color or the card acceptor misrepresented quality or workmanship.
- Explanation of:
  - The goods or services actually received by the cardholder.
  - The value of the partial goods or services received (if possible) by the cardholder.
  - How the cardholder returned the goods or informed the card acceptor the goods were available for pickup.
  - How the cardholder contacted the card acceptor to resolve the dispute, and the card acceptor refusal to adjust the price, repair or replace the goods or other things or value, or issue a credit.
- **Merchant Contact Requirement Example.** The cardholder must specify that he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.
- **Specific documentation from an expert or professional** that supports the cardholder's dispute about the level of quality or misrepresentation described on the original receipt, invoice, work order, brochure, contract, or appraisal. For example, a licensed gemologist, a professional artisan, a licensed professional repair worker, or a licensed veterinarian. Documentation from an expert or professional must be either:
  - Provided on the expert's or professional's letterhead
  - Validated by other information that would demonstrate that the opinion expressed is that of a recognized expert or professional. Other information could include, by way of example and not limitation, a copy of a license in the field in which the expert is rendering an opinion, or a copy of the expert's business card.

NOTE_____

**Terms and conditions issues are documented by the agreement, in writing, as a signed agreement or TID, or in the event of a verbal agreement, as documented by the cardholder, but do not require a letter from an expert or professional.**

_____

**Prerequisites for Defective.** Card acceptor shipped goods to the cardholder. These goods were received by the cardholder broken, damaged, or otherwise unsuitable for the purpose sold.

• Documentation stating the cardholder engaged in the transaction and

– How the shipped goods received from the card acceptor were broken or damaged or otherwise unsuitable for the purpose sold

– How the cardholder returned the goods or informed the card acceptor the goods were available for pickup

– How the cardholder contacted the card acceptor to resolve the dispute, and the card acceptor refusal to adjust the price, repair or replace the goods or other things or value, or issue a credit

• **Merchant Contact Requirement Example.** The cardholder must specify that he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

## 3.26.2 Improper Use of Message Reason Code 4853

**For disputes involving defective merchandise.** Issuers may not use message reason code 4853 when proper disclosure of the conditions of the goods is made at the time of the sale. For example, when goods are sold in "as-is" condition.

## 3.26.3 Specific Programs Using Message Reason Code 4853

**Debit MasterCard Purchase with Cash Back Transaction.** The issuer can submit this chargeback only for the purchase amount or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.26.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4853.

**Table 3.124—Face-to-Face Quality/Misrepresentation**

| | |
|---|---|
| **Time Frame** | 120 calendar days from the Central Site Business Date or the date of receipt of goods and services if delayed delivery |
| **Retrieval Request** | No |
| **Supporting Documents** | All of the following<br>• A cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) fulfilling the prerequisites of the chargeback and details the nature of the dispute.<br>• Any additional required documentation. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.125—Non–Face-to-Face Quality/Misrepresentation**

| | |
|---|---|
| **Time Frame** | 120 calendar days from the Central Site Business Date or the date of receipt of goods and services if delayed delivery |
| **Retrieval Request** | No |
| **Supporting Documents** | All of the following:<br>• A cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) fulfilling the prerequisites of the chargeback and details the nature of the dispute.<br>• Any additional required documentation. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.126—Defective Shipped Merchandise**

| | |
|---|---|
| **Time Frame** | 120 calendar days from the Central Site Business Date or the date of receipt of goods and services if delayed delivery |
| **Retrieval Request** | No |

| | |
|---|---|
| **Supporting Documents** | The issuer must provide a cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) fulfilling the prerequisites of the chargeback and details the nature of the dispute. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.26.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer can use to process a second presentment for message reason code 4853.

**Table 3.127—Deficiency was Corrected**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can document that the deficiency that led to the chargeback was corrected. |
| **Supporting Documents** | One or both of the following:<br>• Copy of the TID or invoice (if applicable)<br>• Card acceptor's written rebuttal (if applicable) |
| **DE 72 (Data Record)** | None |
| **Notes** | Possible remedies:<br>• The card acceptor documents that the goods were repaired or replaced.<br>• Evidence that the goods or services described on the TID or invoice were delivered or provided as described (not damaged or incomplete). For example, the card acceptor documents that the cardholder signed acknowledging the goods were received in good condition.<br>• If the cardholder returned goods, a statement from the card acceptor stating that the card acceptor did not receive the goods. |

**Table 3.128—Invalid Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The acquirer substantiates that the chargeback was invalid. (For example, the necessary supporting documentation failed to support the chargeback). |

| Supporting Documents | None |
|---|---|
| **DE 72 (Data Record)** | The reason for the invalidity. |
| **Notes** | None |

### 3.26.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4853:

- **2002**—Nonreceipt of required documentation to support chargeback
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
- **2011**—Credit previously issued
- **2701**—Duplicate chargeback
- **2702**—Past chargeback time limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan

## 3.26.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4853).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| IPM Arbitration Chargeback Message Reason Code | **4853**<br>Cardholder dispute—defective/not as described |
|---|---|
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information. |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—Unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.26.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

## 3.26.8 Examples

The following examples may be helpful when deciding whether a valid chargeback right exists under reason code 4853. These examples are intended to serve as guides only.

- **Shipped Goods Received Broken or Unsuitable**

  A cardholder orders flowers by telephone and requests delivery of the flowers on Valentine's Day, 14 February. The card acceptor agrees to the delivery date, but delivers the flowers on 15 February. The cardholder contacts the card acceptor after refusing to accept the delivery or to arrange the return of the flowers. The card acceptor says the flowers were delivered (although late) and will not accept the return or refund the purchase. In this case, the issuer can initiate a chargeback using reason code 4853 because the card acceptor agreed to fulfill the order on a specific date (14 February).

  A cardholder orders a dining room set (one table and six chairs) and has them delivered, but two of the chairs arrive damaged. Assuming the cardholder is unable to work out the problem with the card acceptor, this example presents two possible scenarios. If the cardholder attempts to return all of the merchandise, the entire purchase can be charged back because the set is incomplete. Alternatively, the cardholder may want to keep the table and four chairs and return the two damaged chairs.

  If the dispute is not resolved, only the price of the two chairs can be charged back. If a partial amount is charged back, refer to section 1.9.1 First Chargeback Amount (DE 4 [Amount, Transaction]) for processing details.

- **Quality**

  The cardholder goes to a mechanic for vehicle repairs. The invoice states "repair transmission." The cardholder picks up the vehicle from the card acceptor and continues to experience the same problem. The cardholder promptly returns to the card acceptor. The card acceptor states that there is nothing wrong with the vehicle and refuses to resolve the cardholder's dispute. Subsequently, the cardholder takes the vehicle to another licensed, qualified mechanic and is told that the card acceptor repaired the transmission incorrectly.

  To charge back under message reason code 4853, the chargeback documentation must include a statement in writing from the second mechanic documenting that the original card acceptor did not correctly repair the transmission and substantiating the expertise of the mechanic offering the documented opinion. For the chargeback to be valid, the cardholder must have tried to resolve the dispute with the card acceptor. The chargeback must be supported by a cardholder letter. In addition to the details concerning the dispute, the cardholder's letter must state that the cardholder returned to the first mechanic to try to have the transmission repaired properly.

- **Misrepresentation**

  The cardholder purchased a laser printer in a face-to-face transaction and received an invoice from the card acceptor that states that the printer is compatible with a particular computer make and model. When the cardholder sets up the printer, it is not compatible with the computer make and model identified on the invoice. The cardholder attempts to return the printer to the card acceptor and the card acceptor refuses either to replace it or to accept its return. The cardholder then contacts the laser printer manufacturer, which confirms in writing that the laser printer is not compatible with the computer make and model identified on the invoice. The statement from the manufacturer would serve as supporting documentation under reason code 4853.

- **Non–face-to-face Transaction**

  A cardholder purchased a computer over the phone. The card acceptor tells the cardholder that the computer has 512 megabytes of memory. When the computer arrived, the invoice stated that the computer had only 128 megabytes of memory. The cardholder contacted the card acceptor and the card acceptor refuses to accept the return of the computer or to take any other action to resolve the cardholder's dispute. In this case, invoice confirms the mischaracterization of the computer's promised memory capabilities.

- **Services**

  A cardholder hires a plumber to open a clogged drain. The card acceptor does the work and tells the cardholder that the drain is unclogged, but an hour after the card acceptor leaves, the drain is clogged again. The cardholder notifies the card acceptor, but the card acceptor refuses to return and fix the problem. The cardholder then calls another plumber, who unclogs the drain and gives the cardholder an invoice stating that the first card acceptor failed to perform the job properly. The issuer would charge back the entire amount because the card acceptor did not provide the service described to the cardholder.

# 3.27 Message Reason Code 4854—Cardholder Dispute—Not Elsewhere Classified (U.S. Region Only)

The following sections describe the proper and improper use of message reason code 4854.

## 3.27.1 Proper Use of Message Reason Code 4854

Issuers can use message reason code 4854 if a cardholder has made an unsuccessful good-faith effort to resolve a dispute with the card acceptor that involves goods or services, and the dispute reflects a claim or defense authorized against issuers or creditors according to federal, state, or local truth-in-lending laws.

**NOTE**

**Issuers can use this message reason code only if no other message reason code applies.**

The issuer can process a chargeback within 60 calendar days after first learning of the dispute from the cardholder or within 120 calendar days of the Central Site Business Date of the transaction. If, however, the cardholder notified the issuer within the time frame of another valid message reason code but the issuer did not charge back the transaction, the issuer cannot use the time frame extension and charge back the transaction using message reason code 4854.

The issuer can use message reason code 4854 if the following conditions are met:

- The cardholder tried and failed to resolve the dispute with the card acceptor.
- The issuer and acquirer are located in the U.S. region.
- The transaction took place within the same state as the cardholder's billing address or within 100 miles of the cardholder's billing address. The exception to this rule concerns non–face-to-face transactions. The cardholder's current designated address is considered the location of the transaction.
- The cardholder provides documentation to support the dispute with the card acceptor.
- The original transaction amount exceeded USD 50.
- The issuer may charge back only the disputed amount. Further, the issuer can charge back only the portion of the disputed amount that is an unpaid balance at the time of card acceptor or issuer notification. If the issuer charges back a partial amount, it must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).
- The cardholder letter or Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) documents the following:
  - The cardholder authorized the transaction
  - The cardholder returned or attempted to return the merchandise (if applicable)
  - The cardholder contacted the card acceptor to resolve the dispute, and the card acceptor refused to:

    a.  Adjust the price

    b.  Repair or replace the goods or other items of value

    c.  Issue a credit

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount, or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

If the cardholder returned the merchandise, the issuer must wait 30 calendar days from the date the merchandise was returned before it can charge back the transaction. This waiting period gives the card acceptor an opportunity to process a credit. The only exception to this 30-day waiting period rule would be if the period would exceed the 120-calendar day (or 60-calendar day, if applicable) time frame.

If benefits under applicable local or state laws exceed Federal Reserve Regulation Z benefits, the greater benefits apply. However, the issuer must provide a copy of the applicable law with the chargeback.

## 3.27.2 Specific Programs Using Message Reason Code 4854

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.27.3 Proper Use for Issuer's First Chargeback

The following condition represents a valid option that the issuer can use to process a first presentment for message reason code 4854.

| Time Frame | 60 calendar days after first learning about the dispute from the cardholder or within 120 calendar days of the Central Site Business Date |
| --- | --- |
| **Retrieval Request** | No |
| **Supporting Documents** | **Merchant Contact Requirement**<br><br>Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid.<br><br>All of the following:<br>• Cardholder letter or Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430)<br>• Documentation substantiating the claim<br>• Verification of return of goods (if applicable)<br>• Verification of remaining unpaid balance<br>• Copy of applicable law (if applicable) |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.27.4 Proper Use for Acquirer's Second Presentment

The following conditions represent valid options that the acquirer can use to process a second presentment for message reason code 4854.

**Table 3.129—Deficiency Corrected**

| IPM Second Presentment Message Reason Code | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| --- | --- |
| **Second Presentment Condition** | The acquirer can document it corrected the deficiency that led to the chargeback. |
| **Supporting Documents** | One or both of the following:<br>• Copy of the TID or invoice (if applicable)<br>• Card acceptor's written rebuttal (if applicable) |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.130—Invalid Chargeback**

| IPM Second Presentment Message Reason Code | 2713<br>Invalid chargeback. |
|---|---|
| Second Presentment Condition | The acquirer substantiates that the chargeback was invalid. (For example, the necessary supporting documentation failed to support the chargeback.) |
| Supporting Documents | None |
| DE 72 (Data Record) | The reason for the invalidity. |
| Notes | None |

**Examples—Possible Chargeback Message Reason Code 4854 Remedies.** The card acceptor's written rebuttal may include one of the following:

- An assertion based on the documentation that the card acceptor corrected the deficiency that led to the chargeback or otherwise resolved the complaint. For example, the card acceptor repaired or replaced the merchandise.

- Proof that the chargeback was invalid because the cardholder paid the disputed amount before contacting the card acceptor or issuer about the dispute.

- An assertion that the chargeback was invalid because the issuer's supporting documentation was not sufficient to substantiate a claim against the card acceptor.

### 3.27.4.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4854:

- **2002**—Nonreceipt of required documentation to support chargeback

- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received

- **2011**—Credit previously issued

- **2700**—Chargeback remedied. See corresponding documentation.

- **2701**—Duplicate Chargeback

- **2702**—Past Chargeback Time Limit

- **2709**—Documentation received was illegible

## 3.27.5 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4854).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| IPM Arbitration Chargeback Message Reason Code | **4854**<br>Cardholder dispute—not elsewhere classified (U.S. region only) |
|---|---|
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

**Progressive Documentation.** A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—Unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.27.6 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

## 3.27.7 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

**Calculating Unpaid Balances.** As stated previously, the issuer can charge back only the unpaid balance at the time of card acceptor or issuer notification. The calculation is based on the accounting method of "first in/first out." In addition, when calculating the unpaid balance, the issuer can consider credits from returned merchandise along with cardholder payments.

Examples of sufficient information to verify that the disputed amount is unpaid can include cardholder statements or screen prints of payments, credits, and balances.

**Documentation Corroborating the Dispute.** Reason code 4854 requires documentation corroborating the cardholder's claim against the card acceptor. For example, if the cardholder claims the card acceptor did not correctly repair his or her vehicle, the cardholder has to provide written proof from a second vehicle repair shop documenting that the original card acceptor provided incorrect or unnecessary repairs.

**Tort Claims.** Message reason code 4854 does not address torts, which are wrongful acts, damages, or injuries done willfully or negligently, such as negligence or an incorrect medical diagnosis. For example, a cardholder contracts with a painter to paint his or her living room for USD 500. The painter accidentally spills paint on the couch, causing USD 300 worth of damage. The issuer cannot use message reason code 4854 to charge back for the USD 300.

# 3.28 Message Reason Code 4855—Nonreceipt of Merchandise

The following sections describe the proper and improper use of message reason code 4855.

## 3.28.1 Proper Use of Message Reason Code 4855

The issuer may use message reason code 4855 when the cardholder or his or her authorized representative did not receive goods that were to be shipped or delivered.

The cardholder letter or Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) must document that the cardholder or someone that the cardholder authorized did not receive the merchandise and that:

- The cardholder engaged in the transaction
- The cardholder contacted the card acceptor to resolve the dispute
- The card acceptor refused to
    - Adjust the price
    - Send the goods or other items of value
    - Issue a credit

The cardholder letter or form or other supporting documentation, as applicable, must state the expected delivery date as conveyed by the card acceptor. The issuer must wait until the specified merchandise delivery date has passed before charging back the transaction. For example, if the delivery date is 1 June, the issuer cannot submit the chargeback before 1 June.

If there is no specified delivery date, the issuer must wait 30 calendar days after the transaction date before charging back, and be within 120 days from the Central Site Business Date of the original presented transaction.

The issuer may charge back the transaction before the specified merchandise delivery date if it is established that the card acceptor will not provide the goods because it is no longer in business.

For a Debit MasterCard purchase with cash back transaction, an issuer can submit this chargeback only for the purchase amount or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

The issuer may use message reason code 4855 in situations where the cardholder receives an empty box or a box containing worthless items, such as a brick or a stack of paper.

**Cancelled Shipped Merchandise.** The issuer may use message reason code 4855 if the cardholder cancelled the merchandise order and never received the merchandise or a credit from the card acceptor.

## 3.28.2 Specific Programs Using Message Reason Code 4855

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E.** Additional chargeback requirements and limitations apply to World MasterCard Card T&E transactions. Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information.

## 3.28.3 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer can use to process a first chargeback for message reason code 4855.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| | The **120-calendar day** time frame is calculated from either the Central Site Business Date of the presented transaction or the latest anticipated delivery date. |
| | **Time frame extension:** Within 120 days of the latest anticipated delivery date specified by the card acceptor. Refer to section 4.7.12 Example 12—Time Frame Extension (Applicable to Disputes for Message Reason Codes 4853, 4855, and 4859) of this guide. |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) , and other supporting documentation as appropriate. |
| | **Merchant Contact Requirement**—Before processing a chargeback, the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify how he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchant's response is not sufficient to validate the chargeback and in arbitration will be considered invalid. |
| **DE 72 (Data Record)** | None |
| **Notes** | The following two examples detail when a cardholder can sign a waiver form absolving the card acceptor from responsibility if the merchandise is not received: |

- **Signed Waiver**—A cardholder purchases vases and arranges with the card acceptor to have the vases shipped to the United States. At the time of purchase, the cardholder signs a waiver form that states, "PROOF OF DISPATCH OF THE MERCHANDISE WILL BIND THE CARDHOLDER." The vases never arrive, and the cardholder contacts the card acceptor. The card acceptor provides documentation to show that it shipped the merchandise. By signing the waiver, the cardholder absolved the card acceptor of liability for merchandise that it did not receive.

- **Declined Insurance**—The card acceptor provides the cardholder with an opportunity to purchase insurance on the merchandise to be delivered. Normally, such insurance stipulates that the cardholder must initiate claims that limit the card acceptor responsibility to the presenting documentation that verifies shipment or dispatch. The card acceptor should provide a signed waiver of liability obtained from the cardholder if the cardholder declined to purchase insurance, along with documentation that shows that the card acceptor shipped the merchandise.

## 3.28.4 Improper Use for Issuer's First Chargeback

**Refused Deliveries.** The issuer must not use message reason code 4855 if the card acceptor delivered the merchandise and the cardholder refused to accept delivery. In this situation (technically), the cardholder did receive the merchandise. The issuer should consider using message reason code 4860 (Credit Not Processed).

## 3.28.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer can use to process a second presentment for message reason code 4855.

**Table 3.131—Merchandise was Delivered**

| IPM Second Presentment Message Reason Code | 2700 <br> See Corresponding Documentation/Chargeback Remedied |
|---|---|
| **Second Presentment Condition** | The acquirer can substantiate that the merchandise was delivered. |

| | |
|---|---|
| **Supporting Documents** | Proof that the cardholder or person that the cardholder authorized received the merchandise. For example: |
| | • A signed and imprinted sales slip, invoice, or terminal-generated point-of-interaction (POI) receipt showing that the cardholder, or a person that the cardholder authorized, picked up the merchandise. This documentation proves that the card acceptor did not ship or deliver the merchandise. |
| | • Proof that the cardholder received the merchandise or a person authorized by the cardholder received the merchandise. For example, the card acceptor provided proof of a United Parcel Service (UPS) receipt. |
| | • A written card acceptor rebuttal to the claim of non-receipt of merchandise. For example, a waiver form absolving card acceptor responsibility. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.28.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4855:

- **2002**—Nonreceipt of required documentation to support chargeback

- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received

- **2011**—Credit previously issued

- **2701**—Duplicate Chargeback

- **2702**—Past Chargeback Time Limit

- **2709**—Documentation received was illegible

- **2710**—Scanning error—unrelated documents or partial scan

- **2713**—Invalid Chargeback

## 3.28.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4855).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**Cardholder Maintains Dispute that Merchandise Was Not Delivered.**

- **Progressive Documentation.** A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

- **Signed Proof of Delivery.** The cardholder may dispute a signed delivery receipt. Progressive cardholder documentation provided with the arbitration chargeback must specifically address that the signature provided with the second presentment is not his, hers, or that of any person authorized by the cardholder regardless of the date of the delivery receipt.

- **Unsigned Proof of Delivery.** If the initial cardholder letter stating non-receipt of merchandise is dated after the proof of delivery that was provided by the acquirer in the second presentment, a progressive cardholder letter is not required.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4855**<br>Nonreceipt of merchandise |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—Unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.28.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

## 3.28.8 Additional Processing Notes

The following sections contain additional processing notes for the issuer, acquirer, or both.

**Contracts with Third Party for Merchandise Delivery.** If a card acceptor has arranged for a third party to handle merchandise delivery, the card acceptor is responsible if the goods do not arrive. However, if the cardholder has taken possession of the merchandise from the card acceptor and subsequently makes arrangements to have the merchandise shipped by a third party, the original card acceptor is not responsible if the goods are never delivered. For example, a cardholder purchases several rugs from a dealer in India and takes the merchandise to a shipper for shipment to his home in Canada. The cardholder never receives the rugs. The original card acceptor is not responsible, because the cardholder contracted with someone other than the card acceptor to deliver the rugs. In this case, the cardholder must resolve the situation directly with the shipper.

**Merchandise Not Delivered Due to Unpaid Duty or Custom Fees.** Issuers should determine if the cardholder did not receive the merchandise because it is being held in customs for unpaid duty or customs fees. For example, a cardholder traveling in another country purchases merchandise and has it shipped it home. The merchandise is not delivered because customs confiscates it and demands unpaid duty and customs fees.

In this situation, message reason code 4855 does not apply because the card acceptor attempted to deliver the merchandise. The cardholder is obligated to pay the appropriate taxes and pick up the merchandise. The issuer can charge back for message reason code 4855, however, if the cardholder can provide documentation that shows that the original transaction amount included the payment of duty and customs fees.

# 3.29 Message Reason Code 4857—Card-Activated Telephone Transaction

The following sections describe the proper and improper use for message reason code 4857.

## 3.29.1 Proper Use of Message Reason Code 4857

The issuer's use of this message reason code is restricted to transactions that have been identified as a card-activated telephone transaction. The mandatory definition of a card-activated telephone transaction is the telephone number dialed and duration of the telephone call provided in DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name) of the First Presentment/1240 message as specified in the *IPM Clearing Formats* manual.

The issuer can use message reason code 4857 if it receives a complaint from its cardholder, stating that he or she did not authorize or engage in one or more transactions resulting from a card-activated telephone transaction from the same card acceptor.

This chargeback also can be used for cardholder claims about any type of billing discrepancy. For example, the cardholder claims he or she talked on the telephone for five minutes but was billed for 10 minutes.

The cardholder letter, which is required for amounts of USD 25 or more, must state that the transactions were unauthorized or must identify the billing discrepancy.

The issuer can charge back multiple transactions with the same card acceptor either individually or in a batch that contains any amount or number of transactions. If the issuer submits the transactions in a batch, it must supply documentation verifying the 23-digit acquirer reference data (ARD) and transaction amount of each transaction within the batch. The issuer must provide the ARD of the first charge posted to the cardholder's statement in the DE 31 (Acquirer Reference Data) in the First Chargeback/1442 message.

**Conditions When a Cardholder Letter is Not Required.** This chargeback does not require a cardholder letter if the chargeback amount is less than USD 25.

## 3.29.2 Improper Use of Message Reason Code 4857

The issuer **may not** use this message reason code for chip/PIN transactions when:

- The cardholder denies participation in a card-activated telephone transaction
- The transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message.

**Audio Text Card Acceptors.** This chargeback is not intended for disputes about audio text transactions (for example, psychic hotlines or betting tips). If the cardholder claims these types of transactions are unauthorized, the issuer should consider using message reason code 4837—No Cardholder Authorization.

### 3.29.3 Specific Programs Using Message Reason Code 4857

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

### 3.29.4 Proper Use for Issuer's First Chargeback

The following condition represents a valid option that the issuer may choose to process a first chargeback for message reason code 4857.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | For amounts of USD 25 and greater, cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430). |
| | If charging back multiple transactions in a batch, documentation showing each ARD and transaction amount included in the batch |
| **DE 72 (Data Record)** | For multiple transactions only: |
| | MULTIPLE TELEPHONE TRANSACTIONS NNN |
| **Notes** | Replace **NNN** with the number of transactions. |
| | The issuer **cannot** provide an Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) for fraud-related disputes. In these cases, the issuer must provide a signed cardholder letter or e-mail. |

### 3.29.5 Proper Use for Acquirer's Second Presentment

The following conditions represent valid options that the acquirer can use to process a second presentment for message reason code 4857.

**Table 3.132—Resolve Billing Discrepancy**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer provides additional or corrected information that resolves a billing dispute of more than USD 25. |
| **Supporting Documents** | Additional or corrected information to resolve billing discrepancy, if applicable. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.133—Not a Card-Activated Telephone Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The acquirer provides proof that the transaction was not a card-activated telephone transaction; for example, the transaction did not involve a card-activated telephone. |
| **Supporting Documents** | Additional or corrected information to resolve billing discrepancy, if applicable. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.134—Chip Liability Shift**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2870**<br>Chip Liability Shift |
| **Second Presentment Condition** | A transaction between members that participate in the Global Chip Liability Shift Program occurred at a hybrid terminal and was initiated with a non-EMV chip card. This is a final remedy. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.29.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4857:

- **2001**—Invalid Acquirer Reference Data on chargeback; no documentation required or provided
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan
- **2713**—Invalid Chargeback

## 3.29.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4857).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4857** <br> Card-activated telephone transaction |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—Unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240; documentation was received or was not required
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.29.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.30 Message Reason Code 4859—Services Not Rendered

The following sections describe the proper and improper use of message reason code 4859.

## 3.30.1 Proper Use of Message Reason Code 4859

The issuer can use message reason code 4859 if a cardholder disputes a transaction for one of the following reasons:

- **RS1**—The card acceptor is unwilling or unable to render services. (For example, the card acceptor is out of business.) A member must not use RS1 when a cardholder disputes an airline transaction.
- **RS2**—The cardholder paid for services or goods by other means. (For example, the cardholder used a check.)
- **RS3**—The cardholder received none or only a part of an ATM cash disbursement. (This reason does not apply in cases of alleged fraud.)
- **RS4**—The cardholder did not receive airline transportation.
- **RS5**—The cardholder is disputing a "no-show" hotel charge from a card acceptor that participates in the MasterCard Guaranteed Reservations Service described in section 2.2.1 MasterCard Guaranteed Reservations of this guide.
- **RS6**—Reserved for future use
- **RS7**—The cardholder is disputing any subsequent transaction representing an addendum to any valid transaction from the same card acceptor (for example, charges not appearing on a finalized hotel folio or vehicle rental contract).

**Merchant Contact Requirement.** Before processing a chargeback (excluding RS3 and RS6), the cardholder must contact the merchant to attempt to resolve the dispute. The cardholder must specify that he or she attempted to contact the merchant and what the result was. For example, "I called the hotel twice and was told the manager would call me back and he never did," or "I called to find out what the additional charge was for and the clerk did not speak English." A form or letter claiming that the cardholder attempted to contact the merchant without explaining the merchants response is not sufficient to validate the chargeback and in arbitration will be considered invalid.

## 3.30.2 Improper Use of Message Reason Code 4859

**Quality Disputes.** Message reason code 4859 does not apply to quality disputes. Issuers should consider using message reason code 4853 (Not as Described) for disputes of that nature.

## 3.30.3 Specific Programs Using Message Reason Code 4859

**Debit MasterCard purchase with cash back transaction.** An issuer can submit this chargeback only for the purchase amount, or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on additional chargeback requirements and limitations.

## 3.30.4 RS1 (Card Acceptor Unwilling or Unable to Render Services)

**Table 3.135—RS1 (Card Acceptor Unwilling or Unable to Render Services)**

| | |
|---|---|
| **Time Frame** | Variable<br>**Time Frame Calculation:**<br>• In cases involving the **provision of services**, the 120-day time frame for the initial chargeback is calculated from the Central Site Business Date of the first presentment.<br>• In cases involving **delayed delivery** of services, the 120-day initial chargeback time frame is calculated from the latest anticipated date that the services were to be provided.<br>• In cases that involve **interrupted services**, MasterCard calculates the 120-day time frame from the date the services cease. In no case shall the chargeback processing time frame exceed **540 days** (approximately 18 months) from the Central Site Business Date of the first presentment.<br>• If the card acceptor did not specify a date for the performance of services, the issuer must wait 30 calendar days after the transaction date before charging back.<br>• The issuer must have allowed the documented date for the performance of the services to pass before processing a chargeback. The issuer may charge back before the performance date for the services if it is established that the card acceptor will not provide the services because it is no longer in business or is bankrupt. |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) |
| **DE 72 (Data Record)** | **RS1** |
| **Notes** | Refer to section 4.7.12 Example 12—Time Frame Extension (Applicable to Disputes for Message Reason Codes 4853, 4855, and 4859) of this guide. |

### 3.30.4.1 Proper Use for Issuer's First Chargeback for RS1

The cardholder must detail the services that the cardholder expected to receive or that the card acceptor represented to give, and the circumstances surrounding the card acceptor's failure to provide them, and that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to either:

- Adjust the price
- Provide the services
- Issue a credit

**Prorated Amount.** The transaction amount will be prorated for the period that the card acceptor was to provide the services. If the card acceptor did not specify a period of service (for example, a lifetime membership), the transaction amount should be prorated over a period of 18 months. (Refer to section 4.7.13 Example 13—Prorated Chargeback Period for Interrupted Services).

## 3.30.5 RS2 (Payment by Other Means)

**Table 3.136—RS2 (Payment by Other Means)**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430), and evidence of alternate payment method |
| **DE 72 (Data Record)** | **RS2** |
| **Notes** | For payment to the same card acceptor, the issuer must provide a cardholder letter or form that states that the same goods or services debited to the cardholder's account were paid for in some other manner, and that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to either:<br>• Adjust the price<br>• Issue a credit |

### 3.30.5.1 Proper Use for Issuer's First Chargeback for RS2

The issuer must provide documentation to establish alternate payment to the card acceptor. Examples of such documentation include:

- Payment by check or bank transfer.
- For a payment in cash, a cash receipt.
- For payment using the same credit or debit card, the transaction detail (for example, transaction amount and either ARD or switch serial number) of the alternate payment.

- For payment using another credit or debit card, a card statement or transaction detail showing the transaction detail (for intra-European transactions, a TID showing the card details is also acceptable).

**For payment to a third party** (for example, a travel agent) to purchase a voucher or similar certificate representing payment to the card acceptor, the issuer must provide a cardholder letter stating that the voucher was accepted by the card acceptor and documentation to prove that the same goods or services debited to the cardholder's account were covered by the voucher. Examples of such documentation include a copy of the voucher or of the itinerary prepared by the third party listing the goods and services paid for.

**Alternate Payment via Travel Vouchers.** A cardholder may claim that payment was made using a travel voucher; however, the travel agent may not have paid the card acceptor. The card acceptor's acceptance of the travel voucher prohibits a subsequent charge for the same goods or services.

**For intra-European transactions.** In addition to a cardholder letter or form that states that the same goods or services debited to the cardholder's account were previously paid for, the issuer must provide a receipt or paid travel voucher.

**Intra-European Transactions—Alternate Payment via Travel Vouchers.** A cardholder may claim that payment was made using a travel voucher; in this case, the issuer must provide documentation that the cardholder paid for the travel voucher. Alternately, the issuer may consider using message reason code 4859, RS 1 against the acquirer of the travel agent, if the cardholder paid for the travel voucher using a MasterCard card, and the travel agent did not pay the card acceptor.

## 3.30.6 RS3 (ATM Dispute)

**Table 3.137—RS3 (ATM Dispute)**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | **RS3** |
| **Notes** | None |

### 3.30.6.1 Proper Use for Issuer's First Chargeback for RS3

The chargeback must be for the amount in dispute only.

Refer to the *Cirrus Worldwide Operating Rules* for further information if the acquirer submits an invalid second presentment.

**For intra-European transactions.** Refer to Appendix A, Charge-backs—MasterCard Europe ATM Transactions (Cirrus and MasterCard) for more information about chargeback processing procedures for intra-European MasterCard ATM transactions and interregional MasterCard ATM transactions involving cards issued in the Europe region.

## 3.30.7 RS4 (Airline Flight not Provided)

**Table 3.138—RS4 (Airline Flight not Provided)**

| | |
|---|---|
| **Time Frame** | 120 calendar days or within 120 days of the expected date of service |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430). |
| **DE 72 (Data Record)** | **RS4** |
| **Notes** | None |

### 3.30.7.1 Proper Use for Issuer's First Chargeback for RS4

The cardholder letter or form must state that the cardholder did not receive the airline services and that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor refused to either:

- Adjust the price
- Provide the services
- Issue a credit

The issuer cannot charge back a transaction for message reason code 4859 until after the date the airline was to provide the flight(s), unless the airline has ceased providing flight services.

## 3.30.8 RS5 (Guaranteed Reservation Service)

**Table 3.139—RS5 (Guaranteed Reservation Service)**

| | |
|---|---|
| **Time Frame** | 120 calendar days within the Central Site Business Date |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430). |

| DE 72 (Data Record) | One of the following:
• RS5NS1MCCNNNNCNL#XXXXXXXXXX
• RS5NS2MCCNNNN
• RS5NS3MNNNNARNNNNNNNNNNNNNNNNNNNNNNNNNN
• RS5NS4MCCNNNN
• RS5NS5MCCNNNNCURRNNNRATENNNNNNN
• RS5NS6MCCNNNN |
| --- | --- |
| Notes | • For CNL#XXXXXXXXXX, replace **XXXXXXXXXX** with the cancellation number provided by the hotel. The cancellation number must be 10 characters or less.
• For MCCNNNN, replace **NNNN** with the MCC assigned to the lodging establishment.
  If no MCC has been assigned to the lodging establishment replace **NNNN** with 7011.
• For ARNN NNNNNNNNNNNNNNNNNNNNNN, replace **NN NNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD)
• For CURRNNN, replace **NNN** with the ISO currency code in which the room rate was quoted.
• For RATENNNNNNN, replace **NNNNNNN** the rate quote expressed in transaction currency. The rate quote must be 7 characters or less.
  Refer to Chapter 3 of the *Quick Reference Booklet* for a list of all MCCs. |

### 3.30.8.1 Proper Use for Issuer's First Chargeback for RS5

The issuer must supply a cardholder letter or form that indicates that the cardholder is disputing the transaction under one of the "NS" conditions shown below. The cardholder letter or form must indicate that the cardholder contacted or attempted to contact the card acceptor to resolve the dispute, and the card acceptor, as applicable, refused to either:

• Adjust the price

• Provide the services

• Issue a credit

When charging back a transaction under this dispute category, the issuer must specify one of the following seven reasons in the DE 72 (Data Record). Refer to section 3.30.1 Proper Use of Message Reason Code 4859 for additional information.

• **NS1**—The cardholder cancelled the reservation and provides a valid cancellation number. The length of the cancellation number will vary but will not exceed 10 positions.

• **NS2**—The cardholder cancelled the reservation but cannot provide a valid cancellation number.

• **NS3**—The cardholder used the accommodations.

The issuer must provide the ARD of the transactions that represent the actual use of the accommodations. If the cardholder used the accommodations but did not use his or her credit card for payment, the issuer must provide verification of the alternate form of payment, such as a cash receipt or cancelled check.

- **NS4**—The card acceptor provided alternate accommodations.
  For example, the cardholder arrived at the hotel and no room was available. Although the hotel arranged for accommodations at another hotel, the card acceptor billed the cardholder in error.
- **NS5**—The "no-show" charge differed from the rate quoted to the cardholder. Under these circumstances, only the difference between the two charges can be charged back. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount).
  If the transaction occurred outside the U.S. region, the issuer must include the three-digit ISO currency code of the transaction currency in which the rate was quoted, and the rate quoted expressed in that currency, in the DE 72 (Data Record). The rate number may vary in length but cannot exceed seven positions. The currency information is useful because the difference in the rate can be caused by a fluctuation in currency conversion.
- **NS6**—The card acceptor did not advise the cardholder that it would charge a "no-show" fee.

**Guaranteed Reservation Service Program.** The MasterCard Guaranteed Reservations Service is for hotels, motels, bed and breakfasts, and resorts. Under this program, the card acceptor is obliged to have a room available when the cardholder arrives (until checkout time the next day). The cardholder is obliged to cancel a confirmed reservation with the card acceptor before 18:00 (card acceptor's local time) on the date of the reservation. If the cardholder fails to cancel the reservation, the card acceptor can charge the cardholder a "no-show" charge equal to one night's lodging. Even if the cardholder reserved a room for three nights, the card acceptor can charge for only one night's lodging.

**Supporting Documentation-Guaranteed Reservation Notification.** A copy of a written, faxed, or e-mail message confirmation from the hotel, motel, or resort property sent to the cardholder notifying him or her of the confirmation number and cancellation policy is acceptable second presentment documentation to support the merchant's assertion that the cardholder was aware of the card acceptor's "guaranteed reservation" policy.

## 3.30.9 RS7 (Addendum Dispute)

**Table 3.140—RS7 (Addendum Dispute)**

| | |
|---|---|
| **Time Frame** | 120 calendar days of the Central Site Business Date of the disputed addendum transaction |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or completed Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) |

| **DE 72 (Data Record)** | RS7 |
|---|---|

| **Notes** | An addendum transaction is a separate transaction that is incremental to a previous transaction involving the same card acceptor and the same cardholder. |
|---|---|

### 3.30.9.1 Proper Use for Issuer's First Chargeback for RS7

The cardholder letter or form must detail the charge that the cardholder is disputing and why. The cardholder must contact the card acceptor before initiating the dispute and the cardholder's documentation must set forth the result of the conversation with the card acceptor. If the cardholder cannot contact the card acceptor, the cardholder must explain what attempt was made to contact the card acceptor (for example, left voice mail, sent e-mail message, sent a letter, and so forth).

The right to charge back the disputed amount is not dependent on the method of payment for any other transaction. For example, the cardholder may have paid cash for the accepted transaction, but the disputed addendum transaction was applied to the MasterCard card because the cardholder presented the MasterCard card to the card acceptor to guarantee the service.

Cardholders that guarantee services with a MasterCard card are responsible for valid charges incurred by the cardholder unless paid by other means. Addendum charges typically are incurred at T&E card acceptor locations but are not limited to fuel charges, drop-off fees, and so forth.

Cardholders are responsible for meals that were signed for by the cardholder but not included in the final hotel folio or for parking tickets/traffic fines issued while the vehicle was in the cardholder's possession.

As stated in section 2.1.9 Charges for Loss, Theft, or Damage of this guide, a cardholder is not responsible for a charge representing loss, theft, or damage unless the cardholder agreed to be billed on their MasterCard after being informed of such charges.

### 3.30.9.2 Improper Use for Issuer's First Chargeback

Issuers must not use this chargeback message reason code if the cardholder did not have a valid transaction with the card acceptor to which the disputed charge was appended.

## 3.30.10 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4859.

**Possible Acquirer Remedies.** The acquirer can refute the chargeback if it shows proof that it:

- Provided the services.

- Attempted to provide the services but the cardholder refused them.

- Did not state that the services would be provided on the alleged date given by the cardholder.

**Additional Supporting Documentation for T&E Final Audit Transactions.** The acquirer also must include documentation substantiating that the cardholder is responsible for the disputed amount if the amount represents final audit charges not included in the original hotel/motel or vehicle cardholder billing. For example, after the cardholder initially is billed for a vehicle rental, the cardholder is billed for a separate additional amount that represents unpaid parking tickets. The cardholder claims that he or she did not authorize the transaction for the parking tickets. The card acceptor must include, with the second presentment, information about the violations showing that they were issued during the period that the vehicle was rented by the cardholder, as well as the rental agreement with proof of card presence and signature authorizing such charges.

**Table 3.141—Credit Previously Issued**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011**<br>Credit previously issued |
| **Second Present-ment Condition** | None |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Date the credit was issued and optionally the ARD. |
| **Notes** | Not available for ATM transactions. |

**Table 3.142—RS1 (Card Acceptor Unwilling or Unable to Render Services)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer provides a rebuttal from the card acceptor and documentation that services were rendered. |
| **Supporting Documents** | If appropriate, documentation that the services were rendered or that the card acceptor is able to render them.<br>For example, the acquirer can provide documentation that the card acceptor provided the services; or the card acceptor was not out of business. |
| **DE 72 (Data Record)** | RS1 |
| **Notes** | None<br>Issuer's first chargeback may have an extended time frame. Refer to section 3.30.4.1 Proper Use for Issuer's First Chargeback for RS1. |

**Table 3.143—RS2 (Payment by Other Means)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The card acceptor provides an explanation that substantiates the validity of the transaction charged. |
| **Supporting Documents** | Appropriate card acceptor explanation.<br>The card acceptor provides documentation showing two separate transactions. |
| **DE 72 (Data Record)** | RS2 |
| **Notes** | None |

**Table 3.144—RS3 (ATM Dispute)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can show that the chargeback can be remedied. |
| **Supporting Documents** | Documentation that verifies the disbursement of funds. <br><br> For example, the acquirer provides an audit tape showing that the ATM dispensed the requested amount. <br><br> Refer to the *Cirrus Worldwide Operating Rules* manual for further information. Europe members refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard). |
| **DE 72 (Data Record)** | RS3 <br> **And** <br> Must provide: <br> • Chargeback contact's name <br> • Contact's phone number <br> • Contact's fax number |
| **Notes** | None |

**Table 3.145—RS4 (Airline Flight not Provided)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | One of the following: <br> • The acquirer or card acceptor can show that the airline tickets were used. <br> • The acquirer or card acceptor can show that the card acceptor provided the flight. <br> • The acquirer or card acceptor can show that the cardholder was issued paper airline tickets. |
| **Supporting Documents** | One of the following: <br> • Appropriate documentation to support that the chargeback is invalid. <br> • Documentation proving that the airline tickets were used by the cardholder or person(s) that the cardholder authorized. <br> • Documentation proving that the airline rendered the service. <br> • Documentation establishing that the cardholder was issued paper airline tickets. |
| **DE 72 (Data Record)** | RS4 |
| **Notes** | None |

**Table 3.146—RS5 (Guaranteed Reservation Service)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | One of the following<br>• If RS5, the acquirer can provide a copy of a signed and imprinted sales form verifying that the transaction was not a "no-show" charge.<br>• If NS2, the acquirer may submit a second presentment for the chargeback if the card acceptor or acquirer states that the card acceptor has a formal Guaranteed Reservation Program and that there is no record of cardholder cancellation.<br>The acquirer can request that the issuer show proof that the cardholder made the call to the hotel canceling the reservation.<br>• If NS5, the acquirer may submit a second presentment with documentation, substantiating that the cardholder was notified of the rate of the "no-show" fee before the date of the reservation.<br>• If NS6, the acquirer may submit a second presentment with documentation, substantiating that the cardholder was advised before the date of the reservation that he would be billed a "no-show" fee if the reservation was not cancelled before 18:00 (card acceptor's local time) on the date of the reservation. |
| **Supporting Documents** | See documentation requirements in Second Presentment Condition above for the applicable NS code. |
| **DE 72 (Data Record)** | RS5 |
| **Notes** | None |

**Table 3.147—RS7 (Addendum Dispute)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer provides a rebuttal from the card acceptor and documentation to support the transaction. |
| **Supporting Documents** | Documentation to show the addendum transaction is the cardholder's responsibility.<br>For example, a signed restaurant receipt, or documentation showing that the cardholder is responsible for traffic fines. |
| **DE 72 (Data Record)** | RS7 |
| **Notes** | None |

### 3.30.10.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message for reason code 4859.

- **2002**—Nonreceipt of required documentation to support chargeback [2]
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received [3]
- **2701**—Duplicate Chargeback [3]
- **2702**—Past Chargeback Time Limit [3]
- **2704**—Invalid member message text [3]
- **2709**—Documentation received was illegible [3]
- **2710**—Scanning error—unrelated documents or partial scan [3]
- **2713**—Invalid Chargeback [3]

## 3.30.11 Proper Use of Arbitration Chargeback

**Arbitration Chargeback for Addendum Transaction.** The issuer may provide progressive documentation to argue the card acceptor's rebuttal for the disputed addendum transaction. If the acquirer provides documentation with a signature to support the addendum, the progressive cardholder documentation needs specifically address the signature provided with the rebuttal.

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4859).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard processing procedure.

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2. Not available for RS3. Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

3. Not available for ATM transactions.

**Table 3.148—Services not Rendered (RS1, RS2, RS4, RS6, and RS7)**

| IPM Arbitration Chargeback Message Reason Code | **4859** <br> Services not rendered |
|---|---|
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder dated after the second presentment disputing the transaction and rebutting any card acceptor explanation. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | Not valid for RS3 <br><br> RS4—When provided documentation that paper tickets were issued, the issuer must explain the disposition of the paper tickets by means of a progressive cardholder letter clearly stating that the tickets are no longer in the cardholder's possession and how the tickets were disposed (for example, the tickets were discarded, destroyed, returned to the issuer, returned to the travel agency, or disposed in some other manner). |

**Table 3.149—Services not Rendered (RS5 [NS2, NS5, and NS6])**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4859** <br> Services not rendered |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder dated after the second presentment disputing the transaction and rebutting any card acceptor explanation. <br><br> For dispute category **RS5 NS2**, the issuer must provide proof that the cardholder contacted the card acceptor with its arbitration chargeback (such as, a copy of a phone bill) if the acquirer processed a second presentment that states one the following: <br> • The hotel has a formal Guaranteed Reservation Program that includes the issuance of confirmation and cancellation numbers. <br> • The hotel has no record of the cancellation. <br><br> For dispute category **RS5 NS5**, the issuer must provide either: <br> • A letter from the cardholder stating that he or she did not receive written notification of the "no-show" rate and that the rate quoted to the cardholder at the time the cardholder made the reservation was less than the rate the card acceptor billed the cardholder. <br> • An updated Expedited Billing Dispute Resolution (Forms 407–411, 413, or 430), reflecting subsequent cardholder contact, certifying that the cardholder claims that he or she did not receive written notification of the rate from the card acceptor and that the rate quoted at the time the reservation was made was less than the rate billed. <br><br> For dispute category **RS5 NS6**, the issuer must provide either: <br> • A letter from the cardholder stating that he or she never received a written notification of the no show fee from the card acceptor. <br> • An updated Expedited Billing Dispute Resolution (Forms 407–411, 413, or 430), reflecting subsequent cardholder contact, certifying that the cardholder has stated that he or she did not receive a written notice from the card acceptor. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

- **48xx**—New valid chargeback reason
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

## 3.30.12 Improper Use of Arbitration Chargeback

An issuer **cannot** submit an arbitration chargeback for MasterCard ATM network transactions.

For dispute category **RS3**, issuers cannot submit arbitration chargebacks for ATM transactions. Refer to the *Cirrus Worldwide Operating Rules* for procedures to process an ATM transaction that the cardholder still disputes. Europe members refer to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard).

## 3.30.13 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

# 3.31 Message Reason Code 4860—Credit Not Processed

The following sections describe the proper and improper use of message reason code 4860.

## 3.31.1 Proper Use of Message Reason Code 4860

The issuer uses this message reason code for one of the following reasons:

- It receives a letter of complaint from a cardholder stating that a card acceptor has not posted a credit to his or her account or that the card acceptor posted a credit and reduced the amount of the credit due without proper disclosure.

- A card acceptor agrees to accept a cancellation of merchandise that was to be picked up at a card acceptor location and the cardholder did not take possession of the merchandise.

The issuer can submit a chargeback without a cardholder letter if the cardholder provides one of the following:

- A credit receipt, credit advice issued by the card acceptor or its agent, or a TID voided by the card acceptor. The documents must show an account number, an amount to be credited, and a date.

- A card acceptor advisement (with or without an account number, date, or amount to be credited) that instructs the issuer to charge back the transaction, if it is accompanied by documentation showing the credit due.

If the credit receipt or card acceptor advisement is dated, the 120-day chargeback period begins on the day the credit was issued or on the date that the goods were returned or the services were cancelled, not the date of the original transaction.

If the cardholder returned merchandise or other items of value, or cancelled services, and the merchant provided the cardholder with a dated receipt or dated credit advice but did not post a credit to the cardholder's account, the issuer must wait 15 calendar days from the date of the credit receipt before charging back the transaction. If the cardholder returned merchandise, other items of value, or cancelled services, but did not receive a credit receipt or credit from the merchant, the issuer must wait 30 calendar days from the date of the merchandise return date or cancellation date before charging back the transaction. For cancelled timeshare transactions, the issuer must wait 15 days from the date of cancellation before charging back the transaction. This 15 or 30-day waiting period gives the card acceptor an opportunity to process the credit.

If the credit receipt or card acceptor advisement is undated, the 30-day waiting period is waived, and the 120-day time frame will be calculated from the date of the cardholder letter.

The chargeback must include a letter or Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) if the credit slip or advice is undated, does not show an account or amount to be credited, or if the card acceptor failed to issue properly a credit in accordance with section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

The cardholder letter or form must include one of the following statements:

- The card acceptor accepted the returned merchandise or the cancellation of services, and it failed to issue a credit, partial credit, or in-store credit.

- The card acceptor issued a credit but withheld funds without proper disclosure, or reduced the amount of the credit without the cardholder's permission.

- The card acceptor issued an in-store credit that was not properly disclosed at the time of the sale. A copy of the in-store credit must accompany the chargeback.

If the card acceptor issued a credit that was not in accordance with section 2.1.8 of this guide, the cardholder letter must specify whether the card acceptor disclosed its return or credit policy at the point of interaction. If the card acceptor disclosed its return or credit policy to the cardholder at the time of the transaction, the cardholder must state why the additional credit is due.

The issuer can immediately charge back the transaction if it receives one of the following:

- A letter from the card acceptor advising the issuer to obtain credit using a chargeback

- Proof of an improperly disclosed in-store credit

- A TID voided by the card acceptor

### 3.31.2 Improper Use of Message Reason Code 4860

If the cardholder knows that the card acceptor refused to issue credit or accept merchandise for return or the cancellation of services, this chargeback would not be applicable.

### 3.31.3 Specific Programs Using Message Reason Code 4860

**Debit MasterCard purchase with cash back transaction.** An issuer can submit this chargeback only for the purchase amount or a portion thereof. The issuer must submit the First Chargeback/1442 message with a Function Code of 453 (Partial Amount). An issuer must not submit a chargeback for the cash back amount, or any portion thereof, using this reason code.

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

## 3.31.4 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4860.

**Table 3.150—Credit Not Processed**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | A cardholder letter or Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) **is required** if any of the following: |
| | • The credit voucher, advisement, or advice is undated, or does not have an account number or an amount to be credited. |
| | • The cardholder never received a credit, or a properly disclosed in-store credit, and the card acceptor accepted returned merchandise or cancelled services. |
| | • The card acceptor issued a partial or improper credit that was not in accordance with section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide. |
| | A cardholder letter **is not required** if the documentation includes one of the following: |
| | • A credit slip |
| | • Credit advice |
| | • TID voided by the card acceptor |
| | • Card acceptor letter advisement to obtain credit from the issuer via chargeback |
| | • Copy of an improperly disclosed in-store credit |
| | The issuer must supply the 23-digit ARD for the credit transaction in DE 72 (Data Record), if the card acceptor issued an improperly disclosed partial credit to the cardholder. |
| **DE 72 (Data Record)** | For improper partial credit only: |
| | NNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Replace **NNNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD) for the credit transaction. |
| | Card acceptors are **not obliged** to accept returned merchandise or the cancellation of services based on a cardholder whim or for "buyer's remorse." For example, the cardholder changed his or her mind and there is nothing wrong with the merchandise. |
| | Subject to the remainder of this paragraph, if a card acceptor accepts the return of goods or the cancellation of services, the card acceptor **must** issue a credit to the cardholder's account, unless the card acceptor properly disclosed at the time of the transaction that other conditions would apply for a return or cancellation (such as an in-store credit or exchange only). |

**Table 3.151—Timeshares—Intra-European Transactions Only**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | A cardholder letter or Expedited Billing Dispute Resolution Process (Forms 407–411, 413, or 430) is required if the cardholder made a transaction for a timeshare or any similar provision of services and cancelled the agreement within 10 calendar days of the agreement date. |
| **DE 72 (Data Record)** | TIMESHARE |
| **Notes** | None |

## 3.31.5 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4860.

**Table 3.152—Credit Previously Issued**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011**<br>Credit previously issued. |
| **Second Presentment Condition** | The acquirer provides the date that it processed the credit to the cardholder's account. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | CRED MMDDYY NNNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Replace **MMDDYY** with the date the credit was performed.<br>Optionally, replace **NNNNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD). |

**Table 3.153—Cancellation or Returns**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | Any of the following:<br>• The card acceptor did not give a credit slip or other advisement to the cardholder.<br>• The card acceptor denies accepting the cancellation of services or the return of the merchandise.<br>• The card acceptor states the merchandise was never returned. |
| **Supporting Documents** | Card acceptor rebuttal<br>For example, the card acceptor rebuttal states that the merchandise was never returned or that the cancellation was not accepted. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.154—Credit or Cancellation Policy Properly Disclosed**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The card acceptor can substantiate that the credit or cancellation policy was properly disclosed to the cardholder at the point of interaction in accordance with section 2.1.8 of this guide. |
| **Supporting Documents** | Card acceptor rebuttal or proper disclosure given at the point of interaction. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

### 3.31.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4860.

- **2002**—Nonreceipt of required documentation to support chargeback
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan
- **2713**—Invalid Chargeback

## 3.31.6 Proper Use of Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4860).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**Progressive Documentation.** A progressive cardholder letter may be required with the arbitration chargeback in response to new information or rebutting any card acceptor explanation provided with the second presentment. The progressive cardholder letter must be dated after the second presentment and specifically address the rebuttal provided with the second presentment. Refer to section 1.15.1 Documentation Types of this guide for additional information.

**Proof of Return as Supporting Documentation.** For first chargebacks using message reason code 4860, the issuer is not required to provide proof of return. However, the acquirer can submit a second presentment if the cardholder states that he or she returned the merchandise and the card acceptor denies receiving it. The issuer must then obtain proof that the merchandise was returned to and received by the card acceptor to accompany the arbitration chargeback.

**Table 3.155—Credit not Processed**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4860**<br>Credit not processed |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | Progressive documentation from the cardholder disputing the transaction and rebutting any card acceptor explanation. |
| **DE 72 (Data Record)** | Reason for the return. |
| **Notes** | None |

**Table 3.156—Proof of Acceptance as Supporting Documentation**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4860**<br>Credit not processed |
| **Arbitration Chargeback Details** | The cardholder continues to dispute the transaction. |
| **Supporting Documents** | The cardholder must provide documentation to support that the card acceptor received the merchandise before the issuer can initiate an arbitration chargeback. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.157—Timeshare Transaction (For intra-European transactions only)**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4860**<br>Credit not processed |
| **Arbitration Chargeback Details** | The cardholder continues to dispute a timeshare transaction |
| **Supporting Documents** | One of the following<br>• Progressive documentation from the cardholder reconfirming the cardholder entered into a timeshare or similar agreement for provision of services and cancelled the agreement within 10 calendar days.<br>• A copy of this agreement. |
| **DE 72 (Data Record)** | TIMESHARE |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

- **48xx**—New valid chargeback reason

- **4901**—Required documentation not received to support prior Second Presentment/1240

- **4902**—Documentation received was illegible

- **4903**—Scanning error—unrelated documents or partial scan

- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.31.7 Improper Use of Arbitration Chargeback

**Buyer's Remorse Cancellations or Returns.** Issuers should not continue with an arbitration chargeback for message reason code 4860 if:

• The card acceptor did not give a credit slip or other advisement to the cardholder.

• The card acceptor denies accepting the cancellation of services or the return of the merchandise.

• The card acceptor states the merchandise was never returned.

## 3.31.8 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

## 3.31.9 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

**Value Added Tax (VAT).** Message reason code 4860 may be available if the card acceptor fails to issue a Value Added Tax (VAT) credit to the cardholder. Refer to section 4.7.6 Example 6—Message Reason Code 4860—Credit not Processed (Available for Value-Added Tax (VAT) Disputes) in this guide for additional information concerning these types of disputes.

**Proper Disclosure of Refund Policy.** If the card acceptor informed the cardholder of its refund policy at the time of purchase, the cardholder must abide by that policy. For example, if the cardholder's sales slip clearly indicates that the refund policy is "in-store credit only," the issuer cannot charge back for "credit not processed" if the cardholder received an in-store credit.

If a card acceptor issues a credit for the returned goods or cancelled services, it must apply the credit to the same MasterCard account that the cardholder used to purchase the goods or services. The card acceptor must not issue a cash or check refund for goods or services purchased using MasterCard.

A sign in the store that details the refund policy will not remedy this chargeback unless the cardholder admits seeing the sign at the point of interaction. The cardholder must sign disclosure documentation or state that he or she was informed of the disclosure.

# 3.32 Message Reason Code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud

The following sections describe the proper and improper use of message reason code 4862.

## 3.32.1 Proper Use of Message Reason Code 4862

The issuer can use this message reason code if:

- It receives a letter from the cardholder stating that neither he, she, nor anyone authorized by him or her engaged in the disputed transaction and that the cardholder or a person authorized by him or her was in possession of all cards issued with the account on the transaction date.
- The transaction is subsequently determined to be the result of counterfeit magnetic stripe fraud, and the entire unaltered contents of the magnetic stripe was not transmitted and not approved by the issuer or its agent.

The account number used for the disputed transaction was magnetic-stripe read to initiate the authorization request (regardless of whether the transaction was thereafter authorized by other means, such as phone or telex).

Issuers may use this chargeback only when the transaction was reported as fraud to SAFE prior to the chargeback.

Sometimes transactions can occur on a cardholder account number months after it has been closed. In this case, rather than contacting the cardholder for another letter, the issuer can stand in for any fraudulent activity by providing a copy of the original cardholder letter and an issuer certification letter stating that the following two conditions are met:

- The issuer has determined that the disputed transaction is counterfeit.
- The account has been closed for a minimum of 60 days.

## 3.32.2 Improper Use of Message Reason Code 4862

Issuers **cannot** use this message reason code for the following:

- Chip/PIN transactions where the transaction certificate and related data were provided in DE 55 of the First Presentment/1240 message
- Non–face-to-face transactions including MO/TO and e-commerce
- Emergency cash disbursements
- "No-show" hotel transactions
- Advance resort deposits
- Emergency travelers check refunds
- Key-entered transactions
- ATM transactions
- Transactions where the full unaltered magnetic stripe was read and transmitted to the issuer and authorized by the issuer or its authorized agent with a POS entry mode of 90 or 80.
- Lost or stolen accounts

### 3.32.3 Specific Programs Using Message Reason Code 4862

**MasterCard Electronic Card.** Refer to section 1.22 MasterCard Electronic of this guide for chargeback processing procedures for a MasterCard Electronic card.

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on chargeback requirements and limitations.

## 3.32.4 Proper Use for Issuer's First Chargeback

The following conditions represent valid options that the issuer may choose to process a first chargeback for message reason code 4862.

Message reason code 4862 may be used in the following example: The card acceptor first swiped the card with 90 as the POS entry mode and received something other than an approval code (for example, a decline, referral, or "capture card" response), and then key-entered the transaction and received an approval code. The issuer may charge back the transaction under message reason code 4862, because the card acceptor circumvented the authorization process. Otherwise, key-entered transactions are not allowed.

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter or cardholder affidavit of alleged fraud that states that the cardholder or a person authorized by the cardholder was in possession of all cards issued with the account on the transaction date. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.32.5 Proper Use for Acquirer's Second Presentment

The following conditions represent valid options that the acquirer may choose to process a second presentment for message reason code 4862.

**Table 3.158—POI Terminal**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can substantiate that the transaction occurred at a POI terminal that, based on the Authorization Request Response/0110 message documents that it transmitted unaltered information from track 1 or track 2 of the magnetic stripe. DE 22 (POS Entry Mode) has a value of 80 or 90. |
| **Supporting Documents** | If the transaction occurred at an attended POI terminal, the acquirer must provide a copy of a signed and printed terminal receipt (unless the issuer has authorized a PIN as a substitute for signature). |
| **DE 72 (Data Record)** | One of the following:<br>AUTHORIZED MMDDYY NNNNNN<br>PIN MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction<br>Replace **NNNNNN** with the authorization approval code |

**Table 3.159—Authorization not Required/Requested**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2707**<br>No authorization request required or attempted |
| **Second Presentment Condition** | The acquirer can show that an authorization was not required or requested. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.160—No Magnetic Stripe Authorization**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The chargeback is invalid because authorization was not obtained using the magnetic stripe. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.161—Not Reported to SAFE**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713** <br> Invalid chargeback |
| **Second Presentment Condition** | The acquirer can show that the issuer did not properly report the transaction to SAFE before the chargeback. |
| **Supporting Documents** | Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB), or the Acquirer Transaction Data Report via Fraud Reporter. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.162—Chip Liability Shift**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2870** <br> Chip Liability Shift |
| **Second Presentment Condition** | The transaction was between members that participate in the Global Chip Liability Shift Program, occurred at a hybrid terminal, was initiated with a non-EMV chip card, and the full, unaltered magnetic stripe was read and transmitted to the issuer and authorized. <br> This is a final remedy. |
| **Supporting Documents** | If the transaction occurred at an attended POI terminal, the acquirer must provide a copy of a signed and printed terminal receipt. |
| **DE 72 (Data Record)** | One of the following <br> • AUTHORIZED MMDDYY NNNNNN <br> • PIN MMDDYY NNNNN (if applicable) |
| **Notes** | None |

### 3.32.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4862.

- **2002**—Nonreceipt of required documentation to support chargeback
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan

## 3.32.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4862).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

- **48xx**—New valid chargeback reason
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.32.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

## 3.32.8 Additional Processing Notes

The following section contains additional processing notes for the issuer, acquirer, or both.

**CVC 1 Validation.** Message reason code 4862 offers issuers protection against magnetic stripe fraud if they base their authorization decisions on CVC 1 validation. When a card acceptor swipes a card through a point-of-interaction (POI) terminal, the terminal transmits the full contents of track 1 or track 2 to the issuer. The issuer can then decode the CVC 1 value to ensure that no one has tampered with the magnetic stripe.

**Acquirer Certification for CVC 1 Validation.** Acquirers must be certified by MasterCard that they are transmitting the full-unaltered magnetic stripe data, before they are entitled to use the value 90 in the POS entry mode field of the Authorization Request/0100 message.

# 3.33 Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

The following sections describe the proper and improper use for message reason code 4863.

## 3.33.1 Proper Use of Message Reason Code 4863

The issuer may use message reason code 4863 for all non–face-to-face (Card Not Present) transactions if:

- The cardholder claims that he or she does not recognize the transaction appearing on the cardholder statement, and

- The issuer made a good-faith effort to identify the transaction for the cardholder. (For example, the issuer confirmed that the cardholder contacted or attempted to contact the merchant for transaction identification).

- Issuers must instruct their cardholder's to contact the merchant for more information before they initiate the chargeback.

## 3.33.2 Improper Use of Message Reason Code 4863

The issuer may not use this message reason code in the following situations:

- Transactions posted to an account when the card was lost/stolen

- ATM Transactions

- Transactions that occurred at a cardholder-activated terminal (CAT) that were properly identified in the authorization messages and clearing records as CAT 1, CAT 2, or when properly identified in the clearing records as CAT 3.

- Properly identified "no-show" hotel or motel transactions. Refer to section 3.30.8.1 Proper Use for Issuer's First Chargeback for RS5 for options.

- Emergency cash disbursements or emergency travelers check refunds.

- Transaction posting to an account when the cardholder states that a transaction is unauthorized.

- If the card acceptor is Universal Cardholder Authentication Field (UCAF)-enabled, the issuer provided the UCAF for that transaction, all other e-commerce Authorization Request/0100 message and clearing requirements were satisfied, and the Authorization Request Response/0110 message reflected the issuer's approval of the transaction.

- **Addendum Disputes.** Issuers must not use this chargeback message reason code if the issuer is made aware that the disputed transaction is a subsequent separate addendum transaction that was appended to a previous valid transaction involving the same card acceptor. The issuer must process a chargeback for message reason code 4859 RS7 (Addendum Dispute) if the cardholder acknowledges participation in the original transaction.

**Table 3.163—If the following values are in the Authorization Request/0100 message**

| Data Element | Subfield | Value |
|---|---|---|
| DE 22 (Point-of-Service [POS] Entry Mode) | Subfield 1 (POS Terminal PAN Entry Mode) | One of the following<br><br>• **02**—PAN auto-entry via magnetic stripe—Track data is not required. (The acquirer is not qualified to use value 90 so MasterCard replaced value 90 or 91 with value 02.<br><br>• **05**—PAN auto-entry via chip<br><br>• **07**—PAN auto-entry via contactless M/Chip<br><br>• **79**—A hybrid terminal with an online connection to the acquirer failed in sending a chip fallback transaction (in which DE 22, subfield 1 = 80) to the issuer. A hybrid terminal with no online connection to the acquirer failed to read the chip card.<br><br>• **80**—Chip card at chip-capable terminal was unable to process transaction using data on the chip; therefore, the terminal defaulted to the magnetic stripe-read PAN.<br><br>• **90**—PAN auto-entry via magnetic stripe—The full track data has been read from the data encoded on the card.<br><br>• **91**—PAN auto-entry via contactless magnetic stripe—The full track data has been read from the data on the card. |

**Table 3.164—If the following values are in the First Presentment/1240 message**

| Data Element | Subfield | Value |
|---|---|---|
| DE 22 (Point of Service Data Code) | Subfield 4 (Terminal Operating Environment) | Equal to 1 or 3 |
| | Subfield 5 (Cardholder Present Data) | Equal to 0 |
| | Subfield 6 (Card Present Data) | Equal to 1 (DE 22 only) |

## 3.33.3 Specific Programs Using Message Reason Code 4863

**World MasterCard Card T&E transactions.** Refer to section 1.6.1.1 U.S. Region World MasterCard T&E Interchange Rate Program of this guide for more information on chargeback requirements and limitations.

## 3.33.4 Proper Use for Issuer's First Chargeback

The following conditions represent valid options that the issuer may choose to process a first chargeback for message reason code 4863.

**Table 3.165—Cardholder Does Not Recognize**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | If charging back multiple transactions to a single acquirer (and a single merchant), include a list of the individual items in the batch (ARDs and amounts). |
| **DE 72 (Data Record)** | For multiple transactions charged back using a single chargeback message: MULTIPLE TRANSACTIONS NNN |
| **Notes** | Replace **NNN** with the number of items being charged back. |

**Table 3.166—Cardholder Does Not Recognize—Intra-European Transactions**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | A cardholder letter clearly stating that the cardholder does not recognize the transaction and has made every effort to identify the transaction with the issuer and/or the card acceptor. |
| | If charging back multiple transactions to a single acquirer (and a single merchant), include a list of the individual items in the batch (ARDs and amounts). |
| **DE 72 (Data Record)** | For multiple transactions charged back using a single chargeback message: MULTIPLE TRANSACTIONS NNN |
| **Notes** | Replace **NNN** with the number of items being charged back. |

**Conflicting Data.** In the event the issuer is able to confirm conflicting data between the authorization and clearing messages, where the authorization indicates non–face-to-face and the clearing indicates face-to-face or the authorization indicates face-to-face and the clearing indicates non–face-to-face, the issuer may use this chargeback message reason code.

## 3.33.5 Proper Use for Acquirer's Second Presentment

The conditions shown represent valid options that the acquirer may choose to process a second presentment for message reason code 4863.

In the event the transaction is face-to-face via the clearing data the acquirer must consider the authorization data as well. If any card present data is conflicting, acquirers are required to produce a signed Transaction information document (TID) with proof of card presence.

**Table 3.167—MasterCard *SecureCode* SL2 (Global Liability Shift)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction. |
| **Second Presentment Condition** | The acquirer can show that:<br>• The transaction approved by the issuer contained the value in the UCAF that the issuer or its agent provided (DE 48, subelement 42 had a UCAF collection indicator value of 2).<br>• All of the required e-commerce indicators were provided in the Authorization Request/0100 message and the clearing record. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL 2 |
| **Notes** | Replace **MMDDYY** with the date the transaction was authorized.<br>Replace **NNNNNN** with the authorization approval code<br>**2** of SL 2 = DE 48 s42 f3 of the authorization message showing a value of 2.<br>Refer to the *Customer Interface Specification* or Europe *V5 Interface Specifications* manual as applicable for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction.<br>Refer to the *IPM Clearing Formats* manual for the specific data element values that satisfy clearing requirements for a valid UCAF transaction. |

**Table 3.168—Additional Information**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can provide additional information, not contained in the authorization or clearing message that would help to identify the transaction.<br><br>Additional information includes one or more of the following:<br>• A description of the merchandise or services.<br>• The original transaction amount if the disputed transaction represents partial shipment.<br>• "Ship to" address (if applicable). |
| **Supporting Documents** | Documentation that would further identify the transaction. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.169—Address Verification Service (AVS)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can provide documentation that it received a positive Address Verification Service (AVS) response of X (address match with nine-digit ZIP code) or Y for the transaction and documentation showing that the address to which the merchandise was sent is the same as the AVS confirmed address. |
| **Supporting Documents** | All of the following:<br>• Documentation of positive AVS response X or Y.<br>• Documentation that shows the merchandise was sent to the AVS-confirmed billing address.<br><br>The acquirer must provide additional information, not contained in the authorization or clearing message that would help to identify the transaction.<br><br>Additional information includes one or more of the following:<br>• A description of the merchandise or services.<br>• The original transaction amount if the disputed transaction represents partial shipment.<br>• "Ship to" address (if applicable). |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.170—No Conflicting Information in Authorization and Clearing Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713** <br> Invalid Chargeback |
| **Second Presentment Condition** | The transaction took place in a face-to-face environment as detailed by the authorization and clearing messages. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.171—Conflicting Information in Authorization and Clearing Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713** <br> Invalid chargeback. |
| **Second Presentment Condition** | DE 22 (Point of Service [POS] Entry Mode of the authorization message and DE 22 (Point of Service Data Code) of the clearing messages do not match in a Face-to-Face transaction. |
| **Supporting Documents** | Proof of card presence and cardholder signature. |
| **DE 72 (Data Record)** | None |
| **Notes** | In the event the transaction is face-to-face via the clearing data, the acquirer must consider the authorization data as well. If any card present data is conflicting, acquirers are required to produce a signed transaction information document (TID) with proof of card presence. |

**Table 3.172—MasterCard *SecureCode* SL1 (Merchant-Only Liability Shift)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2008<br>Issuer authorized transaction |
| **Second Presentment Condition** | Members should refer to section 3.4 MasterCard *SecureCode* and Universal Cardholder Authentication Field (UCAF) Liability Shift Program of this guide for information about intraregional or interregional merchant-only liability shift programs. |
| | The transaction approved by the issuer contained the value in the UCAF that the issuer or its agent provided (DE 48, subelement 42 had a UCAF collection indicator of 1), and all of the required e-commerce indicators were provided in the Authorization Request/0100 message and the First Presentment/1240 message. |
| | Refer to the *Customer Interface Specification* or Europe V5 *Interface Specifications* manual as applicable for the data element values that satisfy Authorization Request/0100 message requirements for a valid UCAF transaction. |
| | Refer to the *IPM Clearing Formats* manual for the specific data element values that satisfy clearing requirements for a valid UCAF transaction. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | AUTH MMDDYY/NNNNNN SL 1 |
| **Notes** | Replace MMDDYY with the date the authorization request message containing a value of 1* in DE 48, subfield 42 was approved. |
| | Replace NNNNNN with the authorization approval code. |
| | ***This value cannot be used as a valid remedy for intra-United States transactions or interregional commercial card transactions.** |

**Addendum Disputes—Second Presentments**. Acquirers may remedy the dispute with documentation substantiating the cardholder has participated in the original transaction and documentation to establish that the cardholder is responsible for the addendum transaction.

### 3.33.5.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4863.

- **2001**—Invalid Acquirer Reference Data on chargeback; documentation was provided or not required
- **2011**—Credit previously issued
- **2701**—Duplicate Chargeback
- **2702**—Past Chargeback Time Limit

## 3.33.6 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4863).

The issuer will have chargeback rights if examination of the documentation reveals a new valid chargeback reason. If the situation requires a different message reason, the issuer must process the arbitration chargeback using the appropriate message reason code.

**NOTE**

**If it is determined that the transaction occurred as a result of fraud, the issuer must report the transaction to SAFE in accordance with Chapter 1 of the *Complete SAFE Manual*.**

Issuers may submit an arbitration chargeback for the following reasons:

- **RS 1**—The information provided by the acquirer on second presentment is not new information

- **RS 2**—The cardholder claims that the transaction is fraudulent

- **RS 3**—The cardholder claims that the transaction involving AVS-related information is fraudulent

- **RS 4**—Invalid UCAF transaction

- **RS 5**—The card acceptor was UCAF-enabled, but the card was a commercial card.

An issuer must change to 4859 RS7 when all of the following apply:

- The disputed transaction is a subsequent separate addendum transaction.

- The transaction is appended to a previous valid transaction involving the same card acceptor.

- The cardholder acknowledges participation in the original transaction regardless of the originating payment type.

**Table 3.173—Not New Information**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4863**<br>Cardholder Does Not Recognize—Potential Fraud |
| **Arbitration Chargeback Details** | The issuer asserts that the information provided on the second presentment was not new information. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | RS 1 |
| **Notes** | None |

**Table 3.174—Fraudulent Transaction**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4863**<br>Cardholder Does Not Recognize—Potential Fraud |
| **Arbitration Chargeback Details** | The cardholder claims that the transaction is fraudulent. |
| **Supporting Documents** | One of the following:<br>• Cardholder letter<br>• Written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account. |
| **DE 72 (Data Record)** | RS 2 |
| **Notes** | None |

**Table 3.175—Fraudulent AVS-related Transaction**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4863**<br>Cardholder Does Not Recognize—Potential Fraud |
| **Arbitration Chargeback Details** | The cardholder claims that the transaction involving AVS-related information is fraudulent. |
| **Supporting Documents** | One of the following:<br>• Cardholder letter<br>• Written complaint from a company or government agency representative on behalf of a corporate card cardholder when the company or government agency no longer employs the authorized cardholder and the issuer has closed the account. |
| **DE 72 (Data Record)** | RS 3 |
| **Notes** | None |

**Table 3.176—UCAF Value Discrepancy**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4863**<br>Cardholder Does Not Recognize—Potential Fraud |
| **Arbitration Chargeback Details** | The issuer can demonstrate that the value contained in the UCAF within the Authorization Request/0100 message is not identical to the value that the issuer or its service provider provided for that transaction. |
| **Supporting Documents** | A copy of the system log supporting the issuer's claim of a discrepancy between the transaction's UCAF value generated by the issuer or its service provider and the value presented in the UCAF field at the time of the authorization. |
| **DE 72 (Data Record)** | RS 4 |
| **Notes** | None |

**Table 3.177—Global Interregional Merchant-only MasterCard *SecureCode* Liability Shift not Applicable**

| | |
|---|---|
| **IPM Arbitration Chargeback Message Reason Code** | **4863**<br>Cardholder Does Not Recognize—Potential Fraud |
| **Arbitration Chargeback Details** | The issuer can demonstrate that the transaction was performed using a commercial card (including MasterCard Business Card, Executive Business Card, Debit Business Card, Corporate Card, Executive Corporate Card, Purchasing Card, Fleet Card, and Multi-Card). |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | RS 5 |
| **Notes** | None |

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **4901**—Required documentation not received to support previous Second Presentment/1240

- **4902**—Documentation received was illegible

- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

## 3.33.7 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure. Refer to Chapter 4, Arbitration Procedures for Arbitration Case examples.

# 3.34 Message Reason Code 4870—Chip Liability Shift

The following sections describe the proper and improper use for message reason code 4870.

## 3.34.1 Proper Use of Message Reason Code 4870

The issuer may use message reason code 4870 for a first chargeback if:

- The issuer received a cardholder letter stating that neither he, she, or anyone authorized by him or her engaged in the transaction.
- Both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional chip liability shift, or that participates in the Global Chip Liability Shift Program for interregional transactions at Level 1 (Chip Liability Shift for Counterfeit Fraud).
- A fraudulent transaction resulted from the use of a counterfeit card at a non-hybrid terminal, and the validly-issued card, if any, was an EMV chip card.

Refer to section 2.8 Processing EMV Chip Transactions of this guide for more information about the Global Chip Liability Shift Program, including Level 1 participation requirements.

**Before using this chargeback, the issuer must report the transaction to SAFE as counterfeit.**

**Voided Cards.** The issuer may also charge back a transaction involving a once valid voided card with an issuer certification letter instead of a written cardholder complaint if:

- The transaction was identified in the clearing record as a face-to-face transaction.
  AND
- The issuer certifies in writing that the unexpired account number identified in the transaction record was not outstanding on the transaction date because all physical cards were recovered, destroyed, or both.

**Accounts Closed for a Minimum of 60 Days.** Sometimes transactions can occur on a cardholder account number months after the account has been closed. In this case, rather than contacting the cardholder for another letter, the issuer can stand in for any fraudulent activity by providing a copy of the original cardholder letter and an issuer certification letter stating the following three conditions:

- The issuer or its agent did not authorize the transaction, as specified in the *Authorization System Manual* or Europe *Authorization Guide,* as applicable.
- The date of the disputed item was on or after the date the card was used fraudulently.
- The account has been closed for a minimum of 60 days.

**ATM Transactions.** Message reason code 4870 applies to intra-European MasterCard ATM transactions only. Refer to section A.3.8 Message Reason Code 4870—Chip Liability Shift of this guide for further details.

## 3.34.2 Improper Use of Message Reason Code 4870

The issuer may not use this message reason code when:

- A valid EMV chip transaction occurred and DE 55 and related data was provided in the First Presentment/1240 message.

- A magnetic stripe-read or key-entered transaction occurred and was properly identified as the result of technical fallback in the Authorization Request/0100 message and in the First Presentment/1240 message.

- The Authorization Request/0100 message contained a service code value other than 2xx or 6xx, either because:

  - The card was not an EMV chip card (issuers approve such transactions at their own risk).

  - A counterfeit card transaction occurred in which the service code was altered from that of the valid EMV chip card.

- The transaction was a mail order, phone order, e-commerce, or recurring payment transaction.

| Term | Definition |
|------|-----------|
| **Technical Fallback Transaction** | In a technical fallback transaction a value of 79 or 80 is present in DE 22 (Point-of-Service [POS] Entry Mode), subfield 1 (POS Terminal PAN Entry Mode) of the Authorization Request 0100 message because either the chip or the card acceptor device (CAD) failed. For information about DE 22, Subfield 1 values, refer to the *Customer Interface Specification* manual.). |
| **Hybrid Terminal** | A chip-capable terminal that has the same hardware, software, and configuration as a terminal that has full EMV Level 1 and Level 2 Type Approval status to the then-current specifications and which has completed the prescribed terminal integration process in the appropriate environment of use, including the certification of the acquirer host interface. |
| | A value of 5, C, D, E, or M in DE 22 (Point of Service Data Code), Subfield 1 (Terminal Data: Card Data Input Capability) of the First Presentment/1240 message indicates that the transaction involved a hybrid terminal. For more information about DE 22, Subfield 1 values, refer to the *IPM Clearing Formats* manual. |

## 3.34.3 Proper Use for Issuer's First Chargeback

The following conditions represent valid options that the issuer may choose to process a first chargeback for message reason code 4870.

**Intra-European ATM Transactions.** In cases involving intra-European MasterCard ATM Network transactions, the issuer may charge back the transaction using this message reason code only if the transaction was conducted with a hybrid card at a magnetic stripe reading-only ATM. Please refer to section A.3.8 Message Reason Code 4870—Chip Liability Shift of this guide for further details.

**Table 3.178—Chip Liability Shift**

| Time Frame | 120 calendar days |
| --- | --- |
| Retrieval Request | No |
| Supporting Documents | One of the following:<br>• Cardholder letter stating both of the following:<br>  – Neither the cardholder nor anyone authorized by the cardholder engaged in the transaction.<br>  – The cardholder or another person authorized by the cardholder was in possession and control of all valid cards issued to the account at the time of the transaction.<br>• Cardholder letter stating both of the following:<br>  – Neither the cardholder nor anyone authorized by the cardholder engaged in the transaction.<br>  – Issuer certification letter verifying counterfeit.<br>• An issuer letter certifying that the transaction used a voided card that was once valid and all valid cards were recovered.<br><br>**For subsequent counterfeit transactions** occurring after the account was closed, a copy of the original cardholder letter and the issuer certified in writing that the account had been closed and the date the account was closed. |
| DE 72 (Data Record) | None |
| Notes | None |

## 3.34.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4870.

An acquirer has second presentment rights under this message reason code if any of the following conditions exist:

• The country or region in which either the acquirer or issuer is located does not have an applicable domestic or intraregional chip liability shift or participate in the interregional Chip Liability Shift Program.

• The First Presentment/1240 message contained DE 55 with the mandatory subelements.

• The transaction was magnetic stripe-read or key-entered as the result of technical fallback and was properly identified as such in the Authorization Request/0100 message and in the First Presentment/1240 message.

The following conditions represent valid remedies or options that the acquirer can use to process a second presentment for message reason code 4870.

**Table 3.179—Not Reported to SAFE**

| | |
|---|---|
| **Second Presentment Condition** | The acquirer can show that the issuer did not properly report the transaction to SAFE on or before the chargeback date. |
| **Supporting Documents** | Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB), or the Acquirer Transaction Data Report via Fraud Reporter. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |

**Table 3.180—DE 55 Not Provided in First Presentment/1240 Message**

| | |
|---|---|
| **Second Presentment Condition** | The acquirer can prove that the transaction was completed by reading the chip.<br><br>The transaction was authorized online and DE 55 was not provided in the First Presentment/1240 message |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TRANS AUTHORIZED MMDDYY NNNNNN |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized the transaction |

**Table 3.181—Issuer Authorized Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized the transaction. |
| **Second Presentment Condition** | The transaction was authorized online and did not involve a valid EMV chip card as evidenced by the service code in DE 35 of the Authorization Request/0100 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | INV SERVICE CODE X |
| **Notes** | Where **X** is the value contained in position 1 of the three-digit service code transmitted by the card to the terminal.<br>**X** must be a value other than **2 or 6**. |

**Table 3.182—Technical Fallback**

| IPM Second Presentment Message Reason Code | 2008 |
| --- | --- |
| | Issuer authorized the transaction. |
| **Second Presentment Condition** | The acquirer can prove the transaction was the result of technical fallback. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TECHNICAL FALLBACK MMDDYY NNNNN |
| **Notes** | Replace MMDDYY with the date the issuer authorized the transaction. Replace NNNNN with the authorization approval code. |

**Table 3.183—Chip Transaction—No Requirement of Online Authorization**

| IPM Second Presentment Message Reason Code | 2700 |
| --- | --- |
| | See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can prove that the transaction was completed by reading the chip. |
| | The transaction did not require online authorization and DE 55 was not provided in the First Presentment/1240 message. |
| **Supporting Documents** | DE 55 and mandatory subelements |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.184—DE 55 was Provided in the First Presentment/1240 Message**

| IPM Second Presentment Message Reason Code | 2713 |
| --- | --- |
| | Invalid chargeback |
| **Second Presentment Condition** | The acquirer can prove that the transaction was completed by reading the chip. |
| | DE 55 was provided in the First Presentment/1240 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | DE 55 PREVIOUSLY PROVIDED |
| **Notes** | None |

**Table 3.185—Invalid Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The transaction involved an issuer or acquirer located in a country or region without an applicable domestic or intraregional chip liability shift or that does not participate in the interregional Chip Liability Shift Program. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | CHIP LIABILITY NA |
| **Notes** | None |

### 3.34.4.1 Additional Remedies

Acquirers can use the following second presentment message reason codes to submit a Second Presentment/1240 for message reason code 4870.

- **2002**—Non-receipt of required documentation to support chargeback
- **2004**—Invalid Acquirer Reference Data on chargeback; documentation was received
- **2011**—Credit Previously Issued
- **2701**—Duplicate chargeback
- **2702**—Past Chargeback Time Limit
- **2709**—Documentation received was illegible
- **2710**—Scanning error—unrelated documents or partial scan

## 3.34.5 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4870).

The issuer may use the following additional message reason codes to submit an arbitration chargeback:

- **48xx**—New valid message reason code
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section for the standard procedure.

### 3.34.6 Arbitration Case Filing

Refer to section 1.12 Arbitration Case Filing for the standard procedure.

# 3.35 Message Reason Code 4871—Chip/PIN Liability Shift

The following sections describe the proper and improper use for message reason code 4871.

## 3.35.1 Proper Use of Message Reason Code 4871

The issuer may use chargeback message reason code 4871 if:

- Both the issuer and the acquirer are located in a country or region that has adopted a domestic or intraregional chip/PIN liability shift, or that participates in the Global Chip Liability Shift Program for interregional transactions at Level 2 (Chip/PIN Liability Shift).

- A fraudulent transaction resulted from the use of a hybrid PIN-preferring card at a magnetic stripe-reading-only terminal (whether PIN-capable or not) or at a hybrid not equipped with a PIN pad capable (at a minimum) of checking the PIN offline.

- The cardholder states in writing that:

  – Neither the cardholder nor anyone authorized by him or her engaged in the transaction.

    and

  – The card is no longer or has never been, in the possession of the cardholder.

Refer to section 2.8 Processing EMV Chip Transactions of this guide for more information about the Global Chip Liability Shift Program, including Level 2 participation requirements.

**Before using this chargeback, the issuer must report the transaction to SAFE.**

| Term | Definition |
|---|---|
| **Hybrid PIN-preferring card** | A hybrid card that has received MasterCard card design approval; is loaded with a MasterCard-approved EMV application that is capable of offline PIN verification; has passed the MasterCard card personalization certification process; and has been personalized so that the offline PIN CVM option (encrypted or cleartext) as described in EMV specifications appears in the card's CVM list with a higher priority than both online PIN and signature options, with a condition code appropriate for the current transaction. |
| **Hybrid PIN-capable terminal** | A hybrid terminal that has the same hardware, software and configuration as a terminal that has full EMV Level 1 and Level 2 Type Approval status to the then current specifications; has completed the prescribed terminal integration process in the appropriate environment of use, including the certification of the acquirer host interface; and at a minimum, is capable of offline verification of the PIN (encrypted or cleartext) on a hybrid PIN-preferring card. A hybrid PIN-capable terminal may also be capable of online PIN verification. |

| Term | Definition |
|------|-----------|
| **Hybrid PIN-capable Terminal** | A hybrid PIN-capable terminal is indicated when DE 22 (Point of Service Data Code), Subfield 1 (Terminal Data: Card Data Input Capability) contains a value of 5, C, D, E, or M, and Subfield 2 (Terminal Data: Cardholder Authentication Capability) contains a value of 1 in the First Presentment/1240 message. |
| **Technical Fallback Transaction** | In a technical fallback transaction a value of 79 or 80 is present in DE 22 (Point-of-Service [POS] Entry Mode), subfield 1 (POS Terminal PAN Entry Mode) of the Authorization Request 0100 message because either the chip or the card acceptor device (CAD) failed. For information on DE 22, Subfield 1 values, refer to the *Customer Interface Specification* manual.) |
| **Valid EMV Chip Cards** | If a transaction involves a valid EMV chip card, a value of 2 or 6 is present in position 1 of the three-digit service code in DE 35 (Track 2 Data) of the Authorization Request/0100 message. |
| **CVM fallback** | A chip transaction in which a lower priority Cardholder Verification Method (CVM) is performed (for example, signature or none), because the higher priority CVM (PIN) is temporarily unavailable. CVM fallback from PIN to signature or no CVM is indicated in DE 55 (Integrated Circuit Card [ICC] System-Related Data) of the First Presentment/1240 message by data showing that in Byte 3 of the Terminal Verification Result (tag 95), any or all of bits 4, 5, or 6 were set. |

## 3.35.2 Improper Use of Message Reason Code 4871

The issuer may not use this message reason code when:

• A valid EMV chip/PIN transaction occurred and DE 55 and related data was provided in the First Presentment/1240 message.

• A valid EMV chip transaction occurred at a hybrid PIN-capable terminal, and DE 55 and the related data was provided in the First Presentment/1240 message.

• A magnetic stripe-read or key-entered transaction occurred at a hybrid PIN-capable terminal and was properly identified as the result of technical fallback.

• The transaction was a mail order, phone order, e-commerce, recurring payment, CAT 2, CAT 3, or ATM transaction.

• Online PIN was the cardholder verification method (CVM).

• The transaction was completed despite a CVM fallback from PIN to signature or no CVM.

• The transaction occurred at a CAT 2 terminal, which must accept "no CVM" as the CVM, or any type of terminal for which PIN verification of a chip-read transaction is at the acquirer's option (for example, CAT 3).

**ATM Transactions**—Chargebacks of MasterCard ATM Network transactions are not permitted under this reason code.

## 3.35.3 Proper Use for Issuer's First Chargeback

The following condition represents a valid option that the issuer may choose to process a first chargeback for message reason code 4871.

**Table 3.186—Chip/PIN Liability Shift**

| | |
|---|---|
| **Time Frame** | 120 calendar days |
| **Retrieval Request** | No |
| **Supporting Documents** | Cardholder letter stating that neither the cardholder nor anyone authorized by the cardholder engaged in the transaction and one of the following to document lost, stolen, or NRI fraud: |
| | • A statement in the cardholder letter that the card was lost, stolen, or never received. |
| | • A written issuer certification of lost stolen or NRI fraud. |
| | • A law enforcement or police report made to the issuer regarding the loss, theft, or non-receipt of the card. |
| | **For subsequent fraudulent transactions** occurring after the account was closed, a copy of the original cardholder letter and the issuer certified in writing that the account had been closed and the date the account was closed. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## 3.35.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4871.

An acquirer has second presentment rights under this message reason code if any of the following conditions exist:

- The country or region in which either the acquirer or issuer is located does not have an applicable intraregional chip/PIN liability shift or does not participate in the interregional Chip Liability Shift Program.

- The transaction was a valid chip/PIN transaction.

- The transaction occurred at a hybrid PIN-capable terminal and did not involve a hybrid PIN-preferring card.

- The transaction involved CVM fallback from PIN to signature or no CVM.

- The transaction occurred at a hybrid PIN-capable terminal and was magnetic stripe-read or key-entered as the result of technical fallback and was properly identified as such in the Authorization Request/0100 message and in the First Presentment/1240 message.

**Table 3.187—Not Reported to SAFE**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The acquirer can show that the issuer did not properly report the transaction to SAFE on or before the chargeback date. |
| **Supporting Documents** | Documentation that supports the second presentment from the Acquirer's Loss Data File, the Acquirer Loss Data Report (AF739010-BB), or the Acquirer Transaction Data Report via Fraud Reporter. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table 3.188—Authorized Online Transaction**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized the transaction. |
| **Second Presentment Condition** | Both of the following:<br>• The transaction was authorized online.<br>• Did not involve a valid EMV chip card as evidenced by the service code in DE 35 of the Authorization Request/0100 message. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | INV SERVICE CODE X |
| **Notes** | Where **X** is the value contained in position 1 of the three-digit service code transmitted by the card to the terminal.<br>**X** must be a value other than **2 or 6**. |

**Table 3.189—Chip Transaction Authorized Online and DE 55 Not Provided**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized the transaction |
| **Second Presentment Condition** | The transaction was authorized online and DE 55 was not provided in the First Presentment/1240 message.<br>**And**<br>One of the following:<br>• The acquirer can prove that the transaction was completed with chip and PIN.<br>• Transaction was completed with chip while the card was not PIN-preferring.<br>• The result of CVM fallback |

| **Supporting Documents** | None |
| --- | --- |
| **DE 72 (Data Record)** | TRANS AUTHORIZED MMDDYY NNNNNN |
| **Notes** | None |

**Table 3.190—Technical Fallback**

| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized the transaction. |
| --- | --- |
| **Second Presentment Condition** | The acquirer can prove the transaction was the result of technical fallback at a PIN-capable terminal. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | TECHNICAL FALLBACK |
| **Notes** | None |

**Table 3.191—Valid Chip/PIN Transaction**

| **IPM Second Presentment Message Reason Code** | **2008**<br>Issuer authorized transaction. |
| --- | --- |
| **Second Presentment Condition** | The acquirer can prove that a valid chip/PIN transaction occurred in which the PIN was either:<br>a. Verified offline by the chip<br>b. Present in the Authorization Request/0100 message and verified online by the issuer. |
| **Supporting Documents** | DE 55 and mandatory subelements |
| **DE 72 (Data Record)** | One of the following corresponding to the Second Presentment condition:<br>a. OFFLINE PIN<br>b. PIN MMDDYY NNNNNN |
| **Notes** | Where MMDDYY is the authorization date and NNNNNN is the authorization approval code. |

**Table 3.192—Chip Transaction—DE 55 Not Provided—Did Not Require Online Authorization**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The transaction did not require online authorization and DE 55 was not provided in the First Presentment/1240 message and one of the following:<br>• The acquirer can prove that the transaction was completed with chip and PIN.<br>• Completed with chip while the card was not PIN-preferring<br>• The result of CVM fallback |
| **Supporting Documents** | DE 55 and mandatory subelements |
| **DE 72 (Data Record)** | CHIP TRANSACTION |
| **Notes** | None |

**Table 3.193—DE 55 was Provided in First Presentment/1240 Message**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2713<br>Invalid chargeback |
| **Second Presentment Condition** | DE 55 was provided in the First Presentment/1240 message and one of the following:<br>• The acquirer can prove that the transaction was completed with chip and PIN.<br>• Completed with chip while the card was not PIN-preferring<br>• The result of CVM fallback |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | DE 55 PREVIOUSLY PROVIDED |
| **Notes** | None |

**Table 3.194—Invalid Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The transaction involved an issuer or acquirer located in a country or region without an applicable intraregional chip/PIN liability shift or that does not participate in the interregional Chip Liability Shift Program at Level 2. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | CHIP LIABILITY NA |
| **Notes** | None |

## 3.35.5 Arbitration Chargeback

If the first chargeback was valid and the acquirer failed to remedy the dispute properly, the issuer may continue the chargeback with the same message reason code originally processed (4871).

The issuer may use the following additional message reason codes to submit an arbitration chargeback.

- **48xx**—New valid chargeback reason
- **4901**—Required documentation not received to support prior Second Presentment/1240
- **4902**—Documentation received was illegible
- **4903**—Scanning error—unrelated documents or partial scan
- **4905**—Invalid Acquirer Reference Data on Second Presentment/1240 (2001); documentation was received or was not required
- **4908**—Invalid Acquirer Reference Data on Second Presentment/1240 (2004); documentation was received

Refer to section 1.10 Processing Second Presentment/1240 Messages for the standard procedure.

## 3.35.6 Arbitration Case Filing

Refer to section 1.11 Processing Arbitration Chargebacks (Arbitration Chargeback/1442 Message) for the standard procedure.

# 3.36 Message Reason Code 4999—Domestic Chargeback Dispute (Europe Region Only)

Issuers **only** may use message reason code 4999 in the case of a centrally acquired domestic transaction, or a domestic transaction processed through the Banknet network, where a chargeback is available according to the applicable domestic rule, but cannot be processed under a different message reason code.

## 3.36.1 Requirements for Issuer's First Chargeback, Acquirer's Second Presentment, and Issuer's Arbitration Chargeback

Members must follow the requirements for the applicable domestic chargeback rules. The applicable domestic chargeback reason code must be provided.

## 3.36.2 Arbitration Case Filing

Arbitration of these disputes will be handled domestically, in accordance with applicable domestic dispute resolution procedures.

# Chapter 4  Arbitration Procedures

*This chapter provides the procedures that members must follow to file an arbitration case. It also provides examples to illustrate various arbitration cases.*

# Overview

If an acquirer believes that an issuer has processed an invalid arbitration chargeback, the acquirer may file an arbitration case with MasterCard. The arbitration case filing must be submitted in U.S. currency (USD) (or in EUR for intra-European and GBP for UK Domestic transactions) for a disputed amount equal to or less than the arbitration chargeback.

An issuer may initiate dispute procedures if it believes the acquirer's second presentment involving an automated teller machine (ATM) transaction was invalid. Refer to the *Cirrus Worldwide Operating Rules* manual or *Maestro Global Rules* manual.

MasterCard will review the case and all supporting documentation and assign responsibility for the disputed amount to either the issuer or the acquirer.

# 4.1 Time Frames

**Filing members** must file the arbitration case within 45 days from the Central Site Business Date of the arbitration chargeback using one of the following methods:

- By submitting the case through the MasterCom® electronic case filing system.

- By faxing the case to the Dispute Resolution Management (DRM) case filing hub site.

# 4.2 Filing Procedures

The procedures for filing arbitration cases are as follows.

## 4.2.1 Arbitration Case Filing Using the MasterCom Electronic Case Filing Application

Members must have access to the MasterCom system and the case filing application to file arbitration cases electronically. The filing member must submit the arbitration case using the MasterCom electronic case filing application available through MasterCard Online®. Members that file the case using the MasterCom case filing application should complete the information required under the 14A–Arbitration case type. The member should type any comments or information concerning the case in the **Memo** field on the screen and scan any additional documentation into the system.

Unless specifically requested by MasterCard staff, the filing member is not required to provide supporting chargeback documentation that was sent previously during the chargeback cycles. The case filing application retains the supporting documentation exchanged during each of the chargeback cycles.

After reviewing the case to determine that the documentation and information are correct, the filing member should submit the case into the system. The system will send the arbitration case to MasterCard and to the filed-against member for review. A member with access to the case filing application will receive the case online through the case filing application. If the receiving member does not have access to the case filing application, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e) and the case documentation to the compliance contact fax number identified in the *Member Information Manual*. Once a filing member chooses to use the electronic case filing system for a specific case, it **must not** file the same case manually.

## 4.2.2 Arbitration Case Filing Submitted Using the Dispute Resolution Management Case Filing Hub Site

Members without access to the MasterCom system and the case filing application may file the arbitration case using the Dispute Resolution Management (DRM) case filing hub site. The filing member must fax a completed Dispute Resolution Management Hub Site Electronic Case Filing (Form 682) and a completed Summary of Arbitration Documentation (ICA-14A) (Form 571) (or Intra-European Arbitration Case form, if applicable) to the DRM case filing hub site at 1-636-722-7215. The acquirer must complete the Summary of Arbitration Documentation (ICA-14A) (Form 571) with a narrative description of the problem, indicating the sequence of events in chronological order. The principal contact or compliance contact as identified in the *Member Information Manual*, or alternate signers, must then sign the form. (See section 4.2.3 Designated Additional Case Filing Signers for information concerning designated alternate signers.) On receipt of the fax, MasterCard will scan the case filing into the case filing application. A member with access to the case filing application will receive the case online through the case filing application. If the receiving member does not have access to the case filing application, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e) to the contact that has been provided to Dispute Resolution Management. In the absence of a designated contact and fax number, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e), along with the case documentation, to the compliance contact fax number identified in the *Member Information Manual*. Should a contact name or contact fax number change, the member must communicate this information to the MasterCard case filing hub site, thereby ensuring that documentation gets processed in a timely manner. MasterCard recommends that members provide a backup fax number in case there are issues with faxing member documentation.

Unless specifically requested by MasterCard staff, the filing member is not required to provide supporting chargeback documentation previously sent during the chargeback cycles. The case filing application retains the supporting documentation exchanged during each of the chargeback cycles.

### 4.2.3 Designated Additional Case Filing Signers

The principal contact may designate one or more alternate signers, providing the identity of any such additional signer is on file with the MasterCard Dispute Resolution Management Department. MasterCard will maintain, at the member's request, a secondary list of up to 10 additional signers. The member should mail or fax a letter signed by the principal contact of the requesting ICA with the names of any additional signers and a sample of each person's signature to the address listed above. The letter becomes effective upon acknowledgement of receipt.

### 4.2.4 Submitting a Case with Multiple Chargebacks

The acquirer may file, at their option, multiple chargebacks within the same case filing. However, unless otherwise specified by MasterCard, all the chargebacks included in the single case filing must involve the same acquirer, issuer, cardholder, and card acceptor, as well as the same message reason code. The case filing must be submitted for the total of the chargebacks included in the case filing or the applicable disputed amount.

# 4.3 Withdrawals

A member that requests to withdraw the case before MasterCard issues a ruling is responsible for the USD 150 (EUR 150[1]) filing fee and a USD 150 (EUR 150[1]) withdrawal fee. MasterCard will process the funds for the filing fee and the withdrawal fee to the appropriate members as billing events though the MasterCard Consolidated Billing System (MCBS). MasterCard will generate Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800 to debit and credit the disputed amount to the appropriate members.

Additionally, the filing member may return any improper progressive handling fees processed in conjunction with the dispute as a Fee Collection/1740 message with function code 700 and message reason code 7603 within 45 days of the receipt of withdrawal. In the data record text, the member must enter "Per your acceptance of case # XXXXX" (XXXXX = MasterCard case number).

A member using the electronic case filing system that wants to withdraw the case before a ruling must withdraw the case using the case filing application.

A member that does not have access to the case filing application and wants to withdraw a case before a ruling must fax the withdrawal request to the DRM hub site. The member should complete the Dispute Resolution Management Case Notification Fax Sample (Form 802e), providing the arbitration case information and notifying MasterCard of its intention to accept responsibility for the item. The member should then fax the form to the DRM case filing hub site at 1-636-722-7215.

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1.    EUR amounts apply to intra-European cases only.

# 4.4 MasterCard Review Process

When MasterCard receives an arbitration case for review, it will notify the members involved in the arbitration case. Members that have access to the case filing application will receive notification through the case filing application. For members that do not have access to the case filing application, MasterCard will fax a Dispute Resolution Management Case Notification Fax Sample (Form 802e).

MasterCard must receive any rebuttal or additional information concerning the case within the applicable waiting period for the case filing. MasterCard will not rule on the case until after the waiting period has elapsed, unless the filed-against member advises MasterCard that it does not want to accept responsibility for the disputed amount. A member using the case filing application must respond, if needed, within 10 days using the case filing application. A member that does not have access to the case filing application must fax its response, if needed, within eight days to the DRM hub site to allow for processing of the response. The member should use the Dispute Resolution Management Case Notification Fax Sample (Form 802e) and provide the arbitration case information and any additional information or documentation.

MasterCard will then review the documentation and decide whether it can accept the case for ruling. MasterCard will decline an arbitration case if the filing member did not follow all filing requirements, including the following reasons:

- The case has insufficient documentation to enable MasterCard to rule on the case and assign responsibility for the disputed amount.

- The member did not sign the Summary of Arbitration Documentation form (ICA-14A) (Form 571) **or** Intra-European Arbitration Case Form in accordance with the procedures described in section 4.2 Filing Procedures when filing by mail or fax to the DRM hub site.

- The member filed the case beyond the appropriate filing period. Refer to section 4.1 Time Frames for details.

- The documentation supplied is not in English or accompanied by an English translation.

NOTE

**Members that have cases declined for any of the above reasons will be subject to a debit of the filing fee and any other applicable fees.**

When the message reason code has not changed and MasterCard accepts a case for review, it will consider only evidence and documentation that members provided to each other during the previous processing cycles. MasterCard will disregard any additional documentation that either member should have provided previously.

When the message reason code changes with the arbitration chargeback, the acquirer is allowed to provide documentation to remedy the new chargeback reason with the submission of the arbitration case filing. At that time, the issuer may choose either to accept responsibility for the transaction amount and contact Dispute Resolution Management regarding fees or to challenge the new information as necessary within the arbitration case filing process.

All members that have cases filed against them must immediately review case documentation to ensure that all the information is correct and complete. If it is not correct and complete, the member must provide notification to MasterCard within the applicable eight or 10 day waiting period. The lack of written or electronic notification will constitute acceptance by the filed-against member to proceed with the case ruling process.

When ruling on a case, MasterCard will consider the technical merits of the case, the substance (fairness) of the case, previous case rulings, and implications to the MasterCard brand. Below are two examples:

• The issuer initiated the first chargeback past the time frame allowed for the message reason code. In this case, the ruling will not be in favor of the issuer. Refer to section 4.7.1 Example 1—First Chargeback Past the Allowable Time of this guide for an example.

• The issuer submitted the chargeback with the wrong message reason code. In this case, the ruling will not be in favor of the issuer.

For example, the issuer used message reason code 4853—Cardholder Dispute—Defective/Not as Described, when it should have used message reason code 4855—Nonreceipt of Merchandise.

MasterCard will issue a ruling and notify all parties following the conclusion of its investigation. Members with access to the case filing application may review the decision online. Members that process case filings through the DRM hub site or by mail will receive a copy of the decision by fax.

# 4.5 Fees and Assessments

When MasterCard issues a ruling on an arbitration case, it will assess a USD 250 (EUR 250) administrative fee against the member found responsible for the case. The administrative fee is in addition to the USD 150 (EUR 150[2]) filing fee. The administrative fee is not assessed if the case is accepted or withdrawn before the issuance of a ruling. All applicable assessments occur after the case is ruled.

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2. EUR amounts apply to intra-European cases only.

MasterCard will assess a technical fee of USD 100 (EUR 100) per violation against any member found to have been in violation of the dispute processing rules. Violations that result in technical fees include but are not limited to the following examples:

- Persisting with an invalid chargeback.

- Submitting an invalid second presentment.

- Submitting an invalid documentation indicator code.

- Processing a chargeback cycle past the time limit.

**NOTE**

**An arbitration case ruling could be in favor of a member, but that member still could be assessed a technical fee. For example, if the member used an invalid documentation indicator code, it could be assessed a technical fee.**

MasterCard will assess the filing fee, administrative fee, and any technical fees, for the case through MCBS as billing events.

The filing member is no longer debited the filing fee when the case is filed. MasterCard debits the filing fee through MCBS to the member found responsible for the case.

If MasterCard rules for the filing member, MasterCard will credit the disputed amount to the filing member and will debit the disputed amount to the filed-against member by generating Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800.

In the arbitration decision, MasterCard may determine responsibility for any improper progressive handling fees. MasterCard will give permission for the member to return any improper progressive handling fees processed in conjunction with the dispute as a Fee Collection/1740 message with function code 700 and message reason code 7603. The member must process the Fee Collection/1740 message within 45 days of the ruling and place in the data record text of the Fee Collection message, "Per favorable decision of case #XXXXX" (XXXXX = MasterCard case number).

The proceeds of assessments levied under the above procedure are added to the general funds of MasterCard.

Refer to the *MasterCom Administrator's Manual* for information about the fees related to MasterCom case filing processing.

# 4.6 ATM Dispute Resolution Procedures

ATM transactions have only two chargeback cycles. The member must not process an arbitration chargeback. The issuer must initiate the dispute process when the dispute involves an ATM transaction, as in the following examples:

- The acquirer's second presentment to remedy message reason code 4859—RS3—Services Not Rendered—ATM Cash Disbursement Funds Not Received or Received Only in Part was invalid.

- The acquirer's second presentment to remedy message reason code 4834—Duplicate Processing was invalid.

Refer to the *Cirrus Worldwide Operating Rules* for details about dispute resolution for MasterCard ATM Network transactions, and to Appendix A, Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard) of this guide for details about MasterCard Europe ATM Network transactions.

# 4.7 Arbitration Case Examples

Issuers and acquirers may find the examples in this section helpful in deciding whether to proceed to arbitration to resolve a dispute.

## 4.7.1 Example 1—First Chargeback Past the Allowable Time

The following is an example of a First Chargeback past the allowable time.

1. On 1 January, an issuer receives a transaction record for posting to one of its cardholders' accounts. In reviewing the account, the issuer determines that the account number was listed on the Warning Bulletin at the time of the transaction.

2. The issuer submits a chargeback using message reason code 4807—Warning Bulletin File, on 18 March. On 27 March, the acquirer submits a second presentment advising the issuer that its chargeback was beyond the allowable time frame.

3. Subsequently, the issuer initiates an arbitration chargeback on 4 April still maintaining that the account number was listed on the appropriate Warning Bulletin and that the acquirer should therefore accept responsibility.

4. On 9 May, the acquirer submits an arbitration case to MasterCard seeking resolution.

5. In this particular case, MasterCard would rule in favor of the acquirer because the issuer processed the initial chargeback beyond the allowable time frame. MasterCard also may assess the issuer technical penalties for processing the chargeback past the time limit and for persisting with an invalid arbitration chargeback. This philosophy applies to all chargeback message reason codes.

## 4.7.2 Example 2—Prerequisites for "Cardholder Disputes" Chargebacks

The following example provides prerequisites for cardholder disputes chargebacks.

1. An issuer initiates a chargeback for message reason code 4853—Cardholder Dispute—Defective/Not as Described, after receiving a letter from a cardholder stating that the cardholder engaged in the transaction, tendered return of the merchandise, and was refused a credit.
2. After reviewing the cardholder's letter, the acquirer issues a second presentment stating that the dispute does not qualify within the rules because the cardholder does not mention a particular problem or defect with the merchandise other than the decision to return the merchandise.
3. The issuer disputes the transaction further into the chargeback process.
4. Eventually, the acquirer submits an arbitration case to MasterCard.

This particular sequence of events occurs often in chargeback and arbitration proceedings, and an issuer should ensure that its original chargeback meets all requirements for the message reason code it is using. If this is not the case and the original chargeback is invalid, MasterCard will hold the issuer accountable for the disputed transaction.

MasterCard would rule in favor of the acquirer in this case. MasterCard would hold the issuer liable for the transaction. The issuer also may be subject to additional technical fines for persisting with an invalid arbitration chargeback.

## 4.7.3 Example 3—Progressive Documentation

Acquirers may dispute the merits of a cardholder's claim as long as they supply the proper supporting documentation. However, acquirers should be aware that cardholders might still dispute the additional documentation supplied.

The following example clarifies the MasterCard position involving these particular disputes.

1. An issuer initiates a chargeback for message reason code 4855—Nonreceipt of Merchandise, and supplies a letter from the cardholder. The letter states that the cardholder engaged in the transaction, never received the merchandise, and contacted the card acceptor for a credit that has never been received.
2. When the acquirer receives the chargeback, it submits a second presentment advising the issuer that the card acceptor sent the merchandise and the cardholder received it. As proof, the acquirer provides a signed shipping receipt to the issuer.
3. The issuer sends this signed receipt to the cardholder.
4. The cardholder examines the receipt and, in progressive documentation states the following:
   – That he or she still refuses to pay for the item because the merchandise was not received.
   – That the signature on the receipt is not the cardholder's, or that of anyone authorized by the cardholder to receive the merchandise.

Subsequently, the dispute evolves into an arbitration case.

5. In this example, MasterCard would rule in favor of the issuer because the cardholder still disputes the original sale and all further documentation that the acquirer supplied.

## 4.7.4 Example 4—Documentation Requirements to Support a Cardholder Claim of Misrepresentation of Goods or Services (Face-to-Face)

The following example outlines documentation requirements.

1. An issuer initiates a chargeback for message reason code 4853—Cardholder Dispute–Defective/Not as Described, based on a cardholder letter stating that the goods were defective or not as described.

   The issuer provides supporting documentation in the form of a letter from the cardholder. The letter states that the card acceptor indicated that a ring purchased by the cardholder was solid 14-karat gold. In addition, the cardholder provides an appraisal from another jeweler verifying that the ring was in fact gold plated and not solid 14-karat gold. The cardholder claims, therefore, that the ring was not worth the amount paid to the card acceptor. The cardholder attempted to return the ring to the jeweler, but the jeweler refused to accept its return.

2. The acquirer submits a second presentment on the basis that the description on the sales ticket does not indicate that the card acceptor presented the ring as a solid 14-karat gold ring. The acquirer includes a copy of the TID as supporting documentation.

3. In this example, MasterCard would rule in favor of the acquirer because the issuer failed to provide the acquirer or MasterCard with any documentation given to the cardholder verifying that the ring was sold as a solid 14-karat gold ring.

## 4.7.5 Example 5—Additional Remedies for Chargeback Message Reason Code 4855—Non-receipt of Merchandise

An acquirer receives a chargeback for message reason code 4855—Non-receipt of Merchandise. To remedy this chargeback, the acquirer attempts to retrieve or obtain documentation that will verify receipt of merchandise by the cardholder.

Subsequently, the member finds it impossible to locate this information because of export laws, geographic limitations, shipping regulations, or similar reasons. Consequently, the acquirer is unable to initiate a second presentment to remedy the chargeback.

The requirements for a second presentment to a chargeback for non-receipt of merchandise are very specific. The rule states, "only if the acquirer can provide proof that the cardholder or a person authorized by the cardholder received the merchandise." However, on past occasions, MasterCard has accepted the following two additional remedies or methods as verification:

- The card acceptor provides a disclaimer, signed by the cardholder at the time of purchase, which removes the card acceptor's liability for merchandise not received. This disclaimer is contingent on supporting documentation provided by the card acceptor that verifies the shipment or dispatch of the merchandise.

- The card acceptor provides the cardholder with an opportunity to purchase insurance on the merchandise. Such insurance would normally stipulate that the cardholder must initiate the claim and would limit card acceptor responsibility to providing documentation that verifies shipment or dispatch. If the cardholder declined to purchase insurance, the card acceptor should obtain a waiver of liability signed by the cardholder.

In the opinion of MasterCard, these two scenarios would provide an effective amount of protection to any card acceptor that operates under the unfavorable conditions previously mentioned.

## 4.7.6 Example 6—Message Reason Code 4860—Credit not Processed (Available for Value-Added Tax (VAT) Disputes)

In response to a cardholder letter, an issuer initiates a chargeback for message reason code 4860—Credit Not Processed. The issuer provides a copy of the export slip as documentation to verify the cardholder's claim for credit.

After reviewing the chargeback and supporting documentation, the acquirer determines that the cardholder did not present the export slip to the proper customs authorities upon his or her exit from the country. Consequently, the cardholder did not receive the required customs stamp to allow the card acceptor to process the expected credit amount to the cardholder. The acquirer, therefore, submits a second presentment to the issuer because the chargeback was invalid.

Members should remember that, from an issuer's standpoint, export slips such as the one provided in this example are unacceptable as "credit advices" unless the customs or export authorities of the country in question properly authorized and stamped the slip. In the absence of this information, the issuer cannot provide a valid advice of credit and should not, therefore, initiate a chargeback of this nature.

## 4.7.7 Example 7—Message Reason Code 4860—Credit Not Processed (Available when credit is improperly withheld)

An issuer initiates a chargeback using message reason code 4860—Credit Not Processed, after receiving a letter from its cardholder. In the letter, the cardholder expresses his or her dissatisfaction with the issuance of an in-store credit by a card acceptor that accepted the return of merchandise. The cardholder states that there is no use for the in-store credit, was not advised of this policy at the time of purchase, and wants a credit on the MasterCard account.

The issuer processes the chargeback based on the premise that the in-store credit, in itself, confirmed the card acceptor's acceptance of the returned goods, and that the credit was not issued in accordance with disclosure requirements. Refer to section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

The issuer provides a copy of the in-store credit and the cardholder letter with its chargeback. The letter states that the card acceptor did not disclose, at the time of the transaction, that it would issue an in-store credit if the cardholder returned the merchandise.

The acquirer issues a second presentment stating that its card acceptor does not intend to issue a credit to the cardholder's MasterCard account. The acquirer states that the in-store credit was permissible, regardless of their card acceptor's inability to provide a document signed by the cardholder agreeing to this type of refund policy.

The issuer then processes an arbitration chargeback attesting that the chargeback was correct because the refund policy imposed by the card acceptor at the time the merchandise was accepted for return was in violation with procedures identified in section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

The acquirer then submits the dispute to arbitration alleging that the cardholder is not due a credit on his or her MasterCard account and that the issuer's chargeback is invalid.

In this example, MasterCard would rule in favor of the issuer because of the card acceptor's inability to provide a document signed by the cardholder at the time of the transaction agreeing to this type of refund policy. Message reason code 4860 is available if the card acceptor accepts returned merchandise or the cancellation of services and issues an in-store credit or partial credit without proper disclosure as specified under the rules.

### 4.7.8 Example 8—Message Reason Code 4837—No Cardholder Authorization (Available when two different account numbers appear on the same TID)

An issuer receives a call from a cardholder that states that he or she did not authorize a transaction appearing on the billing statement.

The issuer receives the appropriate cardholder letter and initiates a chargeback for message reason code 4837—No Cardholder Authorization.

The acquirer processes a second presentment within 45 calendar days, attempting to remedy the chargeback. The second presentment documentation includes a TID that has two different account numbers. One account number was manually imprinted and the other was printed by a point-of-interaction (POI) device that read the card's magnetic stripe. The transaction posted to the account number that the POI terminal printed.

The issuer processes an arbitration chargeback stating that the imprinted account number does not match the account number that was originally presented.

The acquirer submits the case to MasterCard for arbitration because it produced a TID in which the account number matched the electronic file, and the issuer authorized the transaction.

In this case, MasterCard would rule in favor of the issuer because all account numbers appearing on a TID must match. While it is true that the TID reflects the account number processed with the original presentment, the transaction slip also confirms that the account number printed by the POI device does not match the manually imprinted number. Therefore, because a discrepancy with the account number appears on the TID, MasterCard would consider that the card acceptor was in violation of section 2.1.1.2 Determine Whether the Card is Valid and section 2.1.1.4 Suspicious Cards of this guide.

The dispute described in this example falls correctly within the guidelines of message reason code 4837—No Cardholder Authorization.

This case is an example of common counterfeit fraud. The counterfeiter re-encoded a different account number on the magnetic stripe on the back of a card. The magnetic stripe now bears an account number that was obtained fraudulently.

### 4.7.9 Example 9—Documentation Requirements to Support Proof of Electronic Imprint (Magnetic Stripe Read Transactions)

An issuer receives a letter from a cardholder stating that he or she did not authorize or participate in a transaction on the billing statement. The issuer initiates a chargeback under message reason code 4837—No Cardholder Authorization, and submits a copy of the cardholder's letter as supporting documentation.

The acquirer submits a second presentment and states in the message text that the card acceptor obtained the account number by swiping the magnetic stripe through the POI terminal. The acquirer provided only a copy of the printed terminal receipt with the second presentment.

The issuer processes an arbitration chargeback stating that documentation was required to support the acquirer's statement, and the acquirer did not supply it.

The acquirer brings the case to arbitration because the terminal receipt contains an identifier of **S** near the authorization number. The acquirer states that the **S** shows that the card acceptor obtained the account number by swiping the magnetic stripe through the POI terminal, and that an **S** could be printed on the terminal receipt only if the card was present and swiped through the terminal.

The acquirer did not supply documentation with the filing, except for the TID, which the acquirer provided with the second presentment and the acquirer's explanation of the **S** appearing on the POI receipt.

MasterCard would rule in favor of the issuer because the acquirer did not remedy the chargeback by providing sufficient documentation with the second presentment. The acquirer did not provide documentation to support its claim that the identifier could be placed on the terminal receipt only when the card is swiped through the terminal. Section 3.18 Message Reason Code 4837—No Cardholder Authorization of this guide specifically requires a signed, printed terminal receipt and sufficient documentation to establish the card's presence. The member also must clearly explain this documentation in content and usage. In this example, the acquirer's second presentment should have included the signed TID and the manufacturer's Magnetic Stripe Reading POI Terminal Printer Certification, indicating that the value of the **S** appearing on the POI terminal receipt was printed only if the card was swiped.

NOTE

**In response to all valid chargebacks in which the electronic imprint of the card is a factor, acquirers must present sufficient documentation to establish the card's presence.**

### 4.7.10 Example 10—Documentation Requirements to Support a Cardholder Dispute Concerning Quality or Misrepresentation of Goods or Services (Non–Face-to-Face)

An issuer initiates a chargeback for message reason code 4853—Cardholder Dispute—Defective/Not as Described based on the cardholder's dispute that merchandise purchased during a non–face-to-face transaction was not as described.

The cardholder stated in his letter that he purchased a computer desk over the Internet. The cardholder stated that he ordered a "solid oak wood" computer desk and that the delivered desk actually was made of oak veneers and particle board. In the letter, the cardholder also wrote that he contacted the card acceptor concerning the dispute and requested that the card acceptor arrange to have the desk picked up. The cardholder stated that the card acceptor refused to accept the desk for return or to issue a credit. The only supporting documentation supplied for the issuer's first chargeback was the cardholder's letter.

The acquirer processed a second presentment with a rebuttal from the card acceptor who stated that the computer desk was never described as a "solid oak" and that solid wood furniture was not even offered for sale at the card acceptor's establishment. The issuer processed its arbitration chargeback stating that the dispute was not remedied. Subsequently, the acquirer filed an arbitration case with MasterCard stating that the issuer's chargeback was invalid.

Under the circumstances described in this example, MasterCard would rule in favor of the acquirer as the first chargeback was improperly documented.

For a non–face-to-face transaction, when a written description of the goods or services is not provided at the point of interaction, staff would consider a cardholder letter identifying the procured expected goods or services as a true account of what the cardholder had purchased. However, chargebacks processed for message reason code 4853—Cardholder Dispute—Defective/Not as Described require supporting documentation for both face-to-face and non–face-to-face transactions to substantiate the cardholder's claim concerning quality or a mischaracterization of the purchased goods or services. Such corroborating documentation may include, but would not be limited to, the shipping invoice showing that the shipped merchandise was different from what was purchased or documentation from a bona fide expert that supported the cardholder's allegations. In this particular case, since the cardholder failed to provide documentation from a qualified source that the desk was not solid oak as conveyed by the cardholder in the original letter of dispute, staff considered the allegation not substantiated within the guidelines of the chargeback.

## 4.7.11 Example 11—Message Reason Code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud (Chargeback Availability on Counterfeit Transactions)

An issuer receives notification from a cardholder that a transaction appearing on the billing statement was not authorized, and that the card was in the cardholder's possession at all times.

Upon checking the authorization logs, the issuer found that the authorization attempt showed POS entry mode **02** (card present, magnetic stripe data unverified) and the card acceptor received a "call me" response. The authorization log further revealed that the acquirer or card acceptor, after receiving the "call me" response, initiated another authorization request with a POS entry mode **01** (account number keyed) and that the issuer approved the key-entered authorization request.

Based on the POS entry mode of **02** found on the issuer's internal authorization log, the issuer processes a first chargeback for message reason code 4862—Counterfeit Transaction Magnetic Stripe POS Fraud. The issuer also provides all of the required supporting documentation.

The acquirer submits a second presentment, asserting that the chargeback was invalid because the transaction was authorized based on key-entered data, not on magnetic stripe data. The acquirer asserts that the second key-entered authorization request represented a distinct transaction, and that a message reason code 4862 chargeback is invalid if the transaction is not authorized based on swiping the magnetic stripe.

The issuer then initiates an arbitration chargeback and the acquirer files an arbitration case.

In this example, MasterCard would find the chargeback valid and rule in favor of the issuer. If a transaction that proves to be counterfeit is initiated by a POS entry mode **02** authorization request, a message reason code 4862 chargeback is valid, whether authorization is granted immediately or subsequently obtained using key-entered data.

To remedy this chargeback, the acquirer must demonstrate that the authorization request was based on an electronic reading of full, unaltered track 1 or track 2 data, including CVC (POS entry mode 90).

Alternatively, MasterCard would find a message reason code 4862 chargeback remedied if the acquirer produces a written (telex or fax) authorization from the issuer in response to a POS entry mode **90** authorization request. An acquirer that initiates an authorization request using magnetic stripe data must conform to POS entry mode **90** criteria to remedy a message reason code 4862 chargeback.

## 4.7.12 Example 12—Time Frame Extension (Applicable to Disputes for Message Reason Codes 4853, 4855, and 4859)

On 5 January, the cardholder purchased merchandise that was to be delivered to his residence. The cardholder's invoice does not show a delivery date, but the cardholder stated that the delivery was to be within two months of the transaction date.

After two months, the cardholder contacted the card acceptor about the shipment. The card acceptor told the cardholder that the order was not ready for delivery and then asked the cardholder to wait another two months. The cardholder wanted the merchandise and agreed to wait.

After the next two months elapsed, the cardholder called the card acceptor again. The card acceptor told the cardholder that it would be at least another 30 days before the goods would be ready for delivery. The cardholder decided not to wait any longer and requested a credit from the card acceptor. The card acceptor refused to issue a credit.

The issuer processed a chargeback for message reason code 4855—Nonreceipt of Merchandise, even though no specified delivery date was documented and the cardholder letter was dated 127 days after the Central Site Business Date. Subsequently, the acquirer filed an arbitration case contending that the issuer submitted the chargeback beyond the allowable time frame.

Under the circumstances described in this example, MasterCard would rule in favor of the issuer. The cardholder was willing to wait the requested time and should not be penalized for wanting to receive the merchandise by allowing the card acceptor extra time to deliver the goods.

MasterCard would allow the chargeback to be processed 120 calendar days from the "verbally" specified delivery date of the goods for message reason code 4855. The chargeback requirement states that the chargeback may not be processed until the specified delivery date has passed. As long as the chargeback is processed within 120 calendar days of the last anticipated delivery date, this chargeback would be considered valid. Because the cardholder contacted the card acceptor and waited as instructed, MasterCard would consider the date given verbally to the cardholder to be the specified delivery date.

The acquirer's right to process a second presentment refuting that the chargeback was processed within the required time frame might include, but is not limited to:

- Proof that the card acceptor delivered the merchandise, or that the card acceptor attempted to deliver the merchandise and the cardholder refused the delivery.

- Documentation that would establish that the card acceptor did not state that it would send the merchandise to the cardholder within the alleged time frame defined in the cardholder letter.

## 4.7.13 Example 13—Prorated Chargeback Period for Interrupted Services

A cardholder joined a health club with a lifetime membership. Fifteen months into the contract, the health club closed without warning. The cardholder contacted his or her issuer and complained that he or she paid for a lifetime service but received only a portion of the promised service.

The issuer initiated a chargeback using message reason code 4959—Services Not Rendered RS1 for the full amount of the transaction. The acquirer initiated a second presentment stating that the chargeback amount was excessive. The issuer continued to charge back for the full amount stating that the card acceptor promised services for a lifetime.

Both the issuer and acquirer are responsible for calculating the proper amount eligible for the dispute, based on the formula in section 4.7.13.1 How to Prorate the Chargeback Amount and must process a chargeback or second presentment only for the amount derived from the formula.

If the cardholder letter or card acceptor rebuttal fails to provide sufficient information to allow staff to prorate the amount, MasterCard will hold the issuer responsible if the cardholder received any services from the card acceptor. In the circumstances described above, MasterCard will prorate the amount of the chargeback by using the details in the chargeback support documentation (prorating details are provided below). Based on the result, MasterCard will assign the appropriate responsibility for the dispute to the issuer and acquirer.

The issuer will assume all fees associated with an arbitration case filing because the member improperly adjusted or failed to adjust the arbitration chargeback.

This step requires the acquirer to file an arbitration case to resolve the dispute. MasterCard will assign technical fines to both the issuer and the acquirer for failure to process the proper amount within the chargeback cycles.

### 4.7.13.1 How to Prorate the Chargeback Amount

Members should prorate the chargeback amount by converting the period of a contract from years to months.

Complete the following steps:

1.  Multiply the number of years by 12 to determine the length of the contract in months.

2.  Divide the amount of the transaction by the number of months for which the contract is in force. The result is the price per month.

3.  Multiply the number of months of service the cardholder received by the price per month. This calculation provides the transaction amount for which the issuer is responsible.

4.  Subtract the amount for which the cardholder is responsible from the total transaction amount. This step will result in the proper prorated chargeback amount.

If the period of the services is not specific (for example, a lifetime contract), divide the transaction amount by 18 months, representing the maximum chargeback time frame. This calculation will provide the issuer with the monthly cost of the service. The issuer then will follow steps 3 and 4 to determine the chargeback amount.

By following this schedule for prorating the chargeback amount, MasterCard will process the chargeback for the proper amount.

### 4.7.14 Example 14—Message Reason Code 4863—Cardholder Does Not Recognize—Potential Fraud

An issuer received notification from its cardholder claiming that he or she did not recognize a transaction dated 1 October appearing on his or her billing statement. The issuer provided additional details to the cardholder about the purchase using the transaction's card acceptor business code and asked the cardholder to contact the card acceptor for more information. Later, on 31 October, the cardholder wrote a letter to the issuer stating that the transaction was unauthorized. On 12 November, the issuer processed a chargeback for message reason code 4863—Cardholder Does Not Recognize—Potential Fraud.

The acquirer provided a mail order substitute draft showing a "shipped to address" with its second presentment in an attempt to provide additional information concerning the transaction. Because the cardholder claimed the transaction was fraudulent, the issuer processed an arbitration chargeback for message reason code 4863 and indicated "RS 2" in the data record of arbitration chargeback. The issuer provided the cardholder letter dated 31 October which stated that the transaction was unauthorized. The acquirer filed the dispute with MasterCard as an arbitration case.

Under the circumstances described in this example, MasterCard would rule in favor of the acquirer, as the first chargeback was improper.

One of the conditions for processing a chargeback for message reason code 4863 (Cardholder Does Not Recognize—Potential Fraud) is that the disputed transaction is "unrecognized" by the cardholder. Subsequent documentation provided with the issuer's arbitration chargeback substantiated that at the time the first chargeback was processed, the issuer was aware that the cardholder was stating that the transaction was "unauthorized." Therefore, the first chargeback was not in accordance with the requirements for message reason code 4863. Staff may consider subsequent contradictory documentation provided with arbitration chargeback in determining the validity of the first chargeback.

### 4.7.15 Example 15—Validation of the Transaction Certificate

The acquirer submits a transaction certificate and related data in an attempt to remedy a chargeback as specified in Chapter 3, Message Reason Codes. However, upon receipt of the second presentment, the issuer determines that the transaction certificate submitted by the acquirer is not valid.

MasterCard would arbitrate in favor of the issuer if the issuer can demonstrate that the transaction certificate submitted by the acquirer does not correspond to what the issuer calculated on the basis of the related data. The issuer's supporting documentation must be in the form of a report, signed by the issuer's principal contact, supporting the issuer's claim of a discrepancy between the issuer calculated transaction certificate and the transaction certificate presented by the acquirer.

## 4.7.16 Example 16—Merchant Reversals

An issuer initiated a chargeback for message reason code 4808—Requested/Required Authorization Not Obtained, based on a transaction for USD 100 that posted to an account that was recently closed because of non-payment of the account.

The second presentment included an authorization date and an authorization amount for USD 100.

The issuer reviewed its authorization records and found that an authorization was approved before the account was closed, but soon thereafter, a merchant authorization reversal was processed for USD 100. Following the merchant authorization reversal, the merchant requested an authorization for USD 150; however, the authorization was declined. Based on the combination of the merchant authorization reversal and decline, the issuer submitted an arbitration chargeback. The acquirer filed an arbitration case for USD 100 with Dispute Resolution Management (DRM).

Staff's decision would support the acquirer. When an authorization is obtained by the merchant, and a merchant authorization reversal is processed, the authorization will be superseded by the reversal unless there is a subsequent authorization request. Once the merchant attempts to gain an authorization after a merchant authorization reversal, the merchant may process a transaction equal to the subsequent approved transaction; or, if the subsequent authorization is declined, the merchant may process a transaction up to the amount of the original transaction.

Issuers should take note of any merchant authorization reversals and any activity from the same merchant, acquirer, or both.

## 4.7.17 Conclusion

The MasterCard Arbitration Department is aware of the many variables encountered in the review and resolution of disputes, such as those described in the examples in section 4.7 Arbitration Case Examples. MasterCard provides these examples as guidelines to help members determine the validity of potential disputes to avoid submitting unnecessary chargebacks, second presentments, and arbitration cases.

# 4.8 Intra-European Domestic Disputes

The following sections provide information on intra-European Disputes.

## 4.8.1 Definition

A domestic dispute is a disagreement between two or more members concerning a transaction effected under one of the brands within the country where they are established, pertaining exclusively to intracountry matters, such as but not limited to clearing or settlement of transactions made in local currency.

## 4.8.2 Arbitration

If two or more members are opposed in a domestic dispute (as defined above), they have full recourse to the exclusive arbitration of MasterCard, in accordance with one of the following conditions:

- All members involved in the domestic dispute have expressly designated, MasterCard as arbitrator.

- All members involved in a domestic dispute agreed to be bound by the Standards concerning the matter of the dispute.

- The members involved in a domestic dispute have no agreement to regulate their relationship, did not stipulate either a procedure for resolution of disputes, or rules applicable to the matter of the dispute, in the agreement or rules which regulate their relationship or there is no such agreement or rules and at least one member requests MasterCard to arbitrate the dispute. A solution must be sought through bilateral discussion between the members involved, before investigating such arbitration request.

MasterCard will arbitrate according to any agreement between the parties, but where there is no such agreement or the agreement is silent or unclear in the opinion of MasterCard Europe, MasterCard will arbitrate in accordance with the Standards. The decision of MasterCard is binding on both parties.

## 4.8.3 Arbitration Procedure

The arbitration procedure defined for international disputes will apply for domestic disputes.

# 4.9 Arbitration or Compliance Case Appeals

Any party unwilling to accept a MasterCard decision on an arbitration or compliance case may make a written request that the ruling be reviewed. The Corporate Secretary of MasterCard will review appeals. When requesting an appeal, the appealing party is requesting that MasterCard ensure that the original decision was accurate. The appealing party's letter of request may explain or in some other way detail why they believe the decision was incorrect. However, no new information will be considered in an appeal unless and then only to the extent requested by the Corporate Secretary (or his or her designee). The appeal decision will be based on the same documentation reviewed during the original decision.

## 4.9.1 Times for Filing an Appeal

Members must mail the written request so that it is postmarked within 45 calendar days of the date of the MasterCard ruling.

## 4.9.2 Filing Procedure

A written request for an appeal of an arbitration or compliance case ruling must be submitted and signed by the principal contact as detailed in the *Member Information Manual.*

All cases must be addressed as follows:

MasterCard Worldwide
ATTN: Corporate Secretary
2000 Purchase Street
Purchase NY 10577–2509
USA

A copy of the appeal must also be sent to:

MasterCard Worldwide
Vice President, Dispute Resolution Management
2200 MasterCard Boulevard
O'Fallon MO 63368-7263
USA

## 4.9.3 Notice to Other Parties

Copies of the written request for an appeal must be sent to the other member or members involved in the dispute. Evidence must accompany the appeal to MasterCard ensuring compliance with this requirement.

Failure to properly submit an appeal request will cause the appeal request to be rejected, and the filing fee will be forfeited.

## 4.9.4 Filing Fee

When a member submits an arbitration or compliance case appeal, it must be prepared to accept a USD 500 (EUR 500 for intra-European transactions) filing fee. The fee will be debited through MCBS billing event 2MS24. The USD 500 filing fee is refundable only if the appeal is successful.

## 4.9.5 Resolution of Appeal

When a member appeals an arbitration or compliance case decision, the Corporate Secretary may take such action as he or she deems necessary or appropriate or may elect not to act. The Corporate Secretary may delegate authority to act or not to act with respect to any particular appeal matter or type of appeal matter. If the Corporate Secretary or his or her designee elects to conduct further inquiry into the matter, each member must cooperate promptly and fully. If the Corporate Secretary or his or her designee makes a recommendation of action to resolve the matter, such recommendation is final and not subject to further appeal or other action.

# Chapter 5    Compliance Procedures

*This chapter provides the procedures that members must follow to file a compliance case. It also provides examples to illustrate various compliance cases.*

# Overview

The member may file a compliance case when **all** of the following conditions have been met:

- A member, whether directly or indirectly, has violated any of the *MasterCard Rules* or operating regulations.

- No chargeback reason code will remedy the violation.

- A member sent a pre-compliance letter to the other member a minimum of 30 calendar days before filing the case with MasterCard to give the member an opportunity to correct the situation, and this effort was unsuccessful. The member must send the pre-compliance correspondence, citing the specific technical violation as well as documenting the incurred or potential financial loss. The pre-compliance correspondence must be sent using the MasterCom electronic case filing application, the Dispute Resolution Management case filing hub site. (The exceptions to these conditions are shown in the chart in section 5.1 Time Frames of this guide.)

- The filing member can document a financial loss because of the violation and not simply assert a violation as a basis for filing the case. In other words, the loss could have been avoided if the other member or affiliate had followed the rules.

- The member files the compliance case for the correct disputed amount in U.S. currency (USD), for intra-European cases in Euros (EUR) and UK-domestic cases in British Pounds (GBP) with MasterCard within the applicable time frame.

In addition to the above, an issuer may file a compliance case for cardholder disputes related to the cash back portion of an intracountry cash back with or without purchase transaction conducted in India.

# 5.1 Time Frames

The following table shows the time frames for submitting compliance cases under the various categories.

| Description | Time Frame |
|---|---|
| Cases involving transactions where the Central Site Business Date is considered the date of violation | Within 180 calendar days of the Central Site Business Date of the transaction. |
| Acquirer's obligation to provide the transaction information document (TID) | Within 180 calendar days of the Central Site Business Date of the electronic retrieval request. |

| Description | Time Frame |
|---|---|
| Member's failure to list a card acceptor (merchant) on the MasterCard MATCH™ system | Within 180 calendar days of the date of the violation or, if beyond 180 calendar days, 45 calendar days from the date the violation was, or should have been, detected.<br><br>Refer to Chapter 11 of the *Security Rules and Procedures* manual for more information about the MATCH™ system. |
| Only for cases involving fraudulent transactions resulting from an account data compromise event, when MasterCard publishes a MasterCard Alerts™ notification and the member alleges that MasterCard data storage Standards were violated, the date of the alleged initial violation is either:<br>• The date when the acquirer receives the Authorization Request Response/0110 message for the valid transaction that is alleged in turn to have resulted in one or more subsequent fraudulent transactions, provided that the valid transaction occurred within the 540 calendar days before the date of the MasterCard Alerts notification, or<br>• If an alleged transaction was not authorized, the transaction date of the valid transaction that is alleged in turn to have resulted in one or more subsequent fraudulent transactions, if the valid transaction occurred within the 540 days before the date of the MasterCard Alerts notification. | Within 180 calendar days of the date of the MasterCard Alerts notification, provided that the Central Site Business Dates of the fraudulent transaction and the violation are within the 540 calendar days before the date of the MasterCard Alerts notification.<br><br>Refer to Chapter 10 of the *Security Rules and Procedures* manual for additional information about account data compromise events and data storage Standards. |
| Improper return and submission of a Fee Collection/1740 message | Within 45 calendar days of the final resubmission.<br><br>A pre-compliance letter is not required. |
| MasterCom Image Review decision | Either of the following:<br>• Within 45 calendar days of the decision date.<br>• Within 45 calendar days of receipt of a chargeback for message reason code 4801—Requested Transaction Data Not Received.<br><br>A pre-compliance letter is not required. |

| Description | Time Frame |
|---|---|
| Violation of section 3.10 Message Reason Code 4801—Requested Transaction Data Not Received of this guide for receipt of an improper message reason code 4801 | Within 45 calendar days of the invalid chargeback.<br><br>A pre-compliance letter is not required. |
| Violations initially addressed using a message reason code where the violation is not detected until after the normal compliance time frame has elapsed | Within 45 calendar days from the date the issuer knew, or should have known, that no message reason code would remedy the violation<br><br>A pre-compliance letter is required. |
| All other cases | Within 180 calendar days of the violation. |
| With the exception of 5.1.1.2, violations of any section of section 5.1.1 Inaccurate Clearing Data That Restricts Chargebacks of this guide for inaccurate clearing data restricting chargebacks | The time frame established for first chargebacks under the applicable message reason code or, if the issuer's chargeback was rejected because of inaccurate clearing data, the greater of<br><br>• The first chargeback time frame.<br>• 45 calendar days from the date that the chargeback was rejected.<br><br>A pre-compliance letter is not required. |

## 5.1.1 Inaccurate Clearing Data That Restricts Chargebacks

An issuer may file a compliance case when the clearing data presented in the First Presentment/1240 message was inaccurate, causing a valid chargeback to be rejected or unprocessed. As used herein, "inaccurate" means data that does not accurately reflect the conditions that were present at the point of interaction at the time a transaction occurred. The issuer must document, to the satisfaction of MasterCard, that the chargeback would have been valid had the clearing data been accurate and that the filing is not based solely on missing, inaccurate, or improper data. As with any other compliance case filing, a member may not file a compliance case if a chargeback right exists and the chargeback has been or could be processed.

Documentation requirements to support a compliance case filing will be dependent on the data causing the chargeback to reject in the MasterCard clearing system. Please refer to the following sections to identify the documentation required for the dispute.

### 5.1.1.1 Improper UCAF Data

This section refers only to chargebacks qualifying for message reason codes:

• **4837**—No Cardholder Authorization

• **4863**—Cardholder Does Not Recognize—Potential Fraud

• **4849**—Questionable Merchant Activity (full UCAF data only)

Documentation to support this compliance case must include, but is not limited to, the following:

- An issuer's letter detailing the valid chargeback right that existed and showing either the GCMS rejection or identification of the data elements alleged to be incorrectly processed, restricting the use of the chargeback.

- A cardholder letter to support the restricted chargeback, if applicable.

- The authorization date, authorized amount and response code for the transaction associated with this compliance filing (authorization logs are not required as only authorizations occurring within the Banknet network will be considered for this compliance.)

- The Central Site Business Date of the First Presentment/1240 message for the transaction being disputed.

In addition to the above documentation listed, if the issuer is disputing a MasterCard® *SecureCode*™ fallback transaction, the issuer must supply its Payer Authentication Response message (PARes) log verifying the card acceptor's unsuccessful MasterCard *SecureCode* authentication attempt. A MasterCard *SecureCode* fallback transaction occurs when the issuer provides UCAF data in the Authorization Request/0100 message but the MasterCard *SecureCode* cardholder authentication attempt is unsuccessful. A MasterCard *SecureCode* fallback transaction may be disputed when the First Presentment 1240/200 message contains in PDS 0052, subfield 3, a value of 1 (UCAF supported by the merchant, but UCAF data was not present in the Authorization Request/0100 message).

**NOTE**

**All decisions about clearing data integrity compliance cases are final and may not be appealed to the Corporate Secretary.**

### 5.1.1.2 Improper Identification of a Merchant as MasterCard *SecureCode*-enabled

This section refers only to chargebacks qualifying for message reason codes:

- 4837—No Cardholder Authorization

- 4863—Cardholder Does Not Recognize—Potential Fraud

**NOTE**

**The time frame for submitting a compliance case under section 5.1.1.2 is 180 calendar days from the Central Site Business Date of the oldest transaction in the compliance case. A pre-compliance letter is required.**

This section refers to situations in which an issuer provides documentation to support its claim that a merchant is improperly identified in authorization messages and clearing records as MasterCard® *SecureCode*™-enabled, and that as a result of the misidentification, otherwise valid chargebacks for message reason code 4837 or 4863 could not be processed.

At a minimum, documentation to support this compliance case must include all of the following:

- An issuer's letter detailing the valid chargeback right that existed and showing either the GCMS reject or identification of the data elements alleged to be incorrectly processed, restricting the use of the chargeback

- A cardholder letter to support the restricted chargeback, if applicable

- Authorization message detail showing that authorization messages indicated the merchant was MasterCard *SecureCode*-enabled

- Clearing data showing that an otherwise valid chargeback could not be processed

In addition to the above documentation, the issuer also must present documentation establishing its claim that the merchant was not using MasterCard *SecureCode* technology or was not properly registered with MasterCard *SecureCode*. Suggested documentation includes (but is not limited to) one or more of the following:

- Screenprints from a MasterCard *SecureCode* transaction originated by the issuer verifying that the merchant did not provide a MasterCard *SecureCode* pop-up during payment

- A letter or other documentation from the acquirer or merchant confirming that MasterCard *SecureCode* is not being used

- Any other documentation that supports the issuer's suspicion that the merchant was not MasterCard *SecureCode*-enabled at the time of the disputed transactions

Upon receipt of the pre-compliance letter, the acquirer or merchant must be able to

- Document that fully-enabled MasterCard *SecureCode* transactions occurred within the time period detailed by the issuer and that the merchant remains MasterCard *SecureCode*-enabled, or

- Provide documentation from a vendor or MasterCard *SecureCode* provider verifying that the merchant was MasterCard *SecureCode*-enabled during the time period of the transactions and remains MasterCard *SecureCode*-enabled

# 5.2 Processing a Pre-compliance Case

The procedures for processing a pre-compliance case are described in the following sections.

Every submitted pre-compliance case must include all pertinent documentation to support the violation, as well as proof of financial loss. For procedures for submitting and scanning in documentation via the MasterCom Electronic Case Filing System please refer to Chapter 8 of the *MasterCom Training Guide*.

### 5.2.1 Submitting a Pre-Compliance Case Using the MasterCom Electronic Case Filing Application

Members must have access to the MasterCom® System and the case filing application to process a pre-compliance item electronically. The filing member must submit the pre-compliance case using the MasterCom case filing application available through MasterCard *OnLine*®.

The filing member must scan in all pertinent documentation to support the rule violation and the resulting financial loss and should type any comments or information concerning the case in the memo fields on the screen. The system will send the pre-compliance case to MasterCard and the filed-against member. A filed-against member with access to the case filing application will receive the case online through the case filing application. If a filed-against member does not have access to the case filing application, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e) and the case documentation to the compliance contact fax number identified in the *Member Information Manual*.

Within 30 days, if the filed-against member uses the case filing software, the filed-against member will review the transaction information and associated documents and will either accept or reject (decline) the pre-compliance case online using the software.

If the filed-against member does not have a workstation, the member should inform Dispute Resolution Management within 25 days by fax, using the Dispute Resolution Management Case Notification Fax Sample (Form 802e), of the decision to either accept or reject the item.

### 5.2.2 Submitting a Pre-Compliance Case Using the Dispute Resolution Management Case Filing Hub Site

Members without access to the MasterCom system and the case filing application may submit a pre-compliance case using the Dispute Resolution Management (DRM) case filing hub site. The filing member must fax a completed Dispute Resolution Management Hub Site Electronic Case Filing (Form 682), the pre-compliance case citing the rule violation, and all pertinent documentation to support the violation and the resulting financial loss, to the DRM case filing hub site at 1-636-722-7215. Upon receipt of the fax, MasterCard will scan the case filing into the case filing application. A filed-against member with access to the case filing application will receive the pre-compliance case online through the case filing application. If the filed-against member does not have access to the case filing application, MasterCard will fax the pre-compliance information to the filed-against member compliance contact fax number identified in the *Member Information Manual*.

Within 30 days, if the filed-against member uses the case filing software, the filed-against member will review the transaction information and associated documents and will either accept or reject (decline) the pre-compliance case online using the software.

If the filed-against member does not have a workstation, the member should inform Dispute Resolution Management within 25 days by fax, using the Dispute Resolution Management Case Notification Fax Sample (Form 802e), of the decision to either accept or reject the item.

# 5.3 Payment of Pre-Compliance Case

The procedures for payment of a pre-compliance case are described in the following sections.

**NOTE**

**The method of payment described in Section 5.2.1 is effective for any pre-compliance accepted using the MasterCom Electronic Case Filing system.**

## 5.3.1 Payment of Pre-Compliance Processed Using the MasterCom Electronic Case Filing System or the Dispute Resolution Management Hub Site

MasterCard will automatically move funds for accepted pre-compliance cases submitted through the MasterCom Electronic Case Filing system or the Dispute Resolution Management (DRM) case filing hub site. Members should no longer generate a Global Clearing Management System (GCMS) Fee Collection/1740 message to exchange debits and credits resulting from pre-compliance disputes accepted by the receiving member.

MasterCard will generate a Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 message using message reason code 7800 for the disputed amount to exchange the debits and credits for the pre-compliance dispute if the item is accepted by the receiving member. Any other fees associated with the case will be processed via the MasterCard Consolidated Billing System (MCBS) as a billing event.

**NOTE**

**See section 5.3.1 Payment of Pre-Compliance Processed Using the MasterCom Electronic Case Filing System or the Dispute Resolution Management Hub Site for the method of payment for a pre-compliance submitted using the MasterCom Electronic Case Filing system that was submitted and accepted using the MasterCom Electronic Case Filing.**

# 5.4 Compliance Case Filing Procedures

If the rule violation cited requires a pre-compliance case, and the pre-compliance case was unable to resolve the dispute between the sender and receiver, the sender may escalate the pre-compliance case to compliance case status. Refer to 5.2.2 Submitting a Pre-Compliance Case Using the Dispute Resolution Management Case Filing Hub Site for requirements.

Certain rule violations are permitted to bypass the pre-compliance stage and may be filed directly by the sender. Please see 5.1 Time Frames for the applicable time frames.

**NOTE**

**Every submitted compliance case must include all pertinent documentation to support the violation, as well as proof of financial loss.**

For procedures for submitting and scanning in documentation via the MasterCom Electronic Case Filing System, please refer to Chapter 8 of the *MasterCom Training Guide.*

## 5.4.1 Filing a Compliance Case Using the MasterCom Electronic Case Filing Application

Members must have access to the MasterCom system and the case filing application to file cases electronically. The filing member should submit the compliance case filing using the case filing application available through MasterCard OnLine.

After the pre-compliance case has been rejected by the filed-against member, or if after 30 days the system automatically rejected the item, the filing member may submit the item as a compliance case by selecting the **Escalate** button on the case filing screen. The system will send the compliance case to MasterCard and to the filed-against member for review. A member with access to the case filing application will receive the case online through the case filing application. For members that do not have access to the case filing application, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e) and the case documentation to the filed-against member compliance contact identified in the *Member Information Manual*.

## 5.4.2 Filing a Compliance Case through the DRM Case Filing Hub Site

Members without access to the MasterCom system and the case filing application may file the compliance case using the DRM case filing hub site. The filing member must fax a completed Dispute Resolution Management Hub Site Electronic Case Filing (Form 682) and one copy of a completed Regulations/Rules Violations (Other than Chargeback) (ICA-14B) (Form 572) or Intra-European Compliance Case form, if applicable to the DRM case filing hub site at 1-636-722-7215. (Refer to Appendix D, Forms for instructions about accessing the forms.) The filing member must include a narrative description of the dispute, indicating the sequence of events in chronological order. The principal contact or compliance contact, as identified in the *Member Information Manual*, or an alternate signer, must then sign the form. (See section 4.2.3 Designated Additional Case Filing Signers for information about designated alternate signers.)

The filing member must include the pre-compliance case citing the rule violation, and all pertinent documentation to support the violation and the resulting financial loss. Upon receipt of the fax, MasterCard will scan and escalate the case into the case filing application. A member with access to the case filing application will receive the case online through the case filing application. For members that do not have access to the case filing application, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e) and the case documentation to the filed-against member compliance contact fax number identified in the *Member Information Manual*.

# 5.5 MasterCard Review Process

When MasterCard receives a compliance case, it will notify the members involved in the case. Members that have access to the case filing application will receive the notification through the system. For filed-against members that do not have access to the case filing application, MasterCard will fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e).

MasterCard must receive any rebuttal or additional information concerning the case within the applicable waiting period of the case filing. MasterCard will not rule on the case until after the waiting period has elapsed, unless the filed-against member advises MasterCard that it does not want to accept responsibility for the disputed amount. A member using the electronic case filing application must respond, if needed, within 10 calendar days using the case filing application. A member that does not have access to the case filing application must fax its response, if needed, within eight days to the DRM case filing hub site. The member should use the Dispute Resolution Management Case Notification Fax Sample (Form 802e), giving the compliance case information and any additional information or documentation.

MasterCard will then review the documentation and will decide whether it can accept the case for ruling. MasterCard will decline a compliance case if the filing member did not follow all filing requirements, including the following reasons:

- The case has insufficient documentation to enable MasterCard to rule on the case.
- The member did not make a pre-compliance effort in a timely manner.
- The member did not sign the Regulations/Rules Violations (Other than Chargeback) (ICA-14B) (Form 572) or Intra-European Compliance Case form, if applicable in accordance with the procedures described in section 5.4 Compliance Case Filing Procedures (if the case was filed via mail or through the DRM case filing hub site).
- The member filed the case beyond the appropriate filing period. (Refer to section 5.1 Time Frames for details.)
- The documentation supplied is not in English or is not accompanied by an English translation.
- The member improperly filed the case. This includes, but is not limited to, filing a case against an incorrect member, filing for an incorrect amount, or submitting one case with multiple unrelated chargebacks. For example, different cardholders, card acceptors, or message reason codes.

**NOTE**

**Cases declined for any of the above reasons will be subject to a debit of the USD 150 filing fee and all other applicable fees.**

If MasterCard accepts a case for review, each party will be given the opportunity to submit any documentation that it feels is appropriate for consideration.

The member must send any additional documentation, including the case number assigned to the case, to MasterCard. The member must mail or fax the additional documentation to the following address or DRM hub site fax number:

MasterCard Worldwide
ATTN: Dispute Resolution Management Department
2200 MasterCard Boulevard
O'Fallon MO 63368-7263
USA

All members that have cases filed against them must immediately review the documentation to ensure that all the information is correct and complete. The lack of written or electronic notification to the contrary will constitute acceptance by the filed-against member to proceed with the ruling process.

MasterCard will issue a ruling and notify all parties following the conclusion of its investigation. Members with access to the case filing application may review the decision online. Members that process case filings through the DRM hub site or by mail will receive a copy of the decision by fax.

Refer to section 5.7 Fees and Assessments for fee collection or payment information.

# 5.6 Withdrawals

A member that requests to withdraw the case before MasterCard issues a ruling may be found responsible for the filing fee. MasterCard will process the funds for the filing fee and withdrawal fee for the compliance case filing to the appropriate members as billing events through the MasterCard Consolidated Billing system (MCBS). MasterCard will generate Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800 to debit and credit the disputed amount to the appropriate members.

A member using the case filing application that wants to withdraw the case before a ruling must withdraw the case using the case filing application. A member that does not have access to the case filing application and wants to withdraw a case before a ruling must fax the withdrawal request to the DRM hub site. The member should fax the Dispute Resolution Management Case Notification Fax Sample (Form 802e), giving the compliance case information and notifying MasterCard of its intention to accept responsibility for the item.

**NOTE**

**MasterCard may assess applicable technical assessment(s) and other applicable fees against either member involved in the compliance filing, even if the case is withdrawn.**

# 5.7 Fees and Assessments

When MasterCard issues a ruling on a compliance case, it will notify all parties and assess a USD 250 (EUR 250[1]) administrative fee against the member found responsible for the case. The member that loses the case also is responsible for the USD 150 (EUR 150) filing fee.

MasterCard will assess the filing fee, administrative fee, and any applicable technical fines or fees for the case through MCBS as billing events.

If MasterCard rules for the filing member, MasterCard will credit the disputed amount to the filing member and will debit the disputed amount to the filed-against member as Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800.

Refer to the *MasterCom Administrator's Manual* for information about the fees related to MasterCom case filing processing.

# 5.8 Compliance Case Appeals

Refer to section 4.9 Arbitration or Compliance Case Appeals for standard requirements and procedures.

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1.     EUR amounts apply to intra-European cases only.

**NOTE**

**Compliance decisions are final and binding for cases in which data integrity of the Authorization Request/0100 message data elements is the basis for filing a case. Members may not appeal such decisions to the Corporate Secretary.**

# 5.9 MasterCom Compliance Policy

MasterCard compliance procedures apply to all MasterCom Image Review transactions. The member must follow these procedures to file a compliance case involving a MasterCom Image Review decision.

- Before a member considers filing a compliance case, it must first submit evidence that a financial loss did occur or will occur as a result of the MasterCom Image Review decision. The member cannot cite the MasterCom Image Review decision itself as the sole reason for considering compliance proceedings.

- The member must file any case involving a MasterCom Image Review decision or dispute within 45 calendar days from the decision date. If the dispute is the result of a chargeback for message reason code 4801—Requested Transaction Data Not Received, the case must be filed within 45 days of receipt of the chargeback.

- If the case is filed by the DRM hub site, it must be signed by the principal contact, the compliance contact, or the authorized signer as designated by the principal contact.

- A member having access to the case filing application should submit the case and supporting documentation using the case filing application. A member not having access to the case filing application may submit the case and supporting documentation to the DRM case filing hub site at 1-636-722-7215.

Members should direct any questions or comments regarding MasterCom Image Review or excessive rejects to MasterCom Member Support.

# 5.10 Examples of Rules Violations

This section briefly describes compliance filing requirements for specific MasterCard rules violations.

### 5.10.1 Failure to Compare Signatures (*Chargeback Guide* 2.1.6.3.1)

Before filing a compliance case citing a violation of section 2.1.6.3.1 Compare Signatures of this guide, all of the following criteria must have been satisfied and all of the following documentation must be provided with the case:

- The card must have been reported lost or stolen to the issuer. (The member must supply a copy of an affidavit or cardholder letter to support the issuer's loss.)
- The issuer must have recovered the cards that was reported lost or stolen. If more than one card was issued to the account, the issuer must have recovered all cards. If only one card was issued, the issuer must state that in the supporting documentation. All cards do not have to be recovered and presented if a unique identifying character is embossed on the card in question and was imprinted on the slip.
- The member must include legible copies of both the front and back of the cards and legible copies of the slips in question as part of the documentation with the case.
- The signature panel on the card must be intact without any indication of an attempt to alter it.
- The signature on the slip and the signature on the card do not appear to match. For example, the signature would not match if the signature panel is signed "Jan H. Hanley" and the sales slip is signed "Bob Hanley" or "F. Hanley." The signature would be acceptable if signed "Jan H. Hanley," "J.H. Hanley," or "Jan Hanley." In addition, the signature would be acceptable if a title such as Mr., Mrs., or Dr., is missing or is included.
- No complaint citing a violation of section 2.1.6.3.1 Compare Signatures of this guide may be filed for any transaction in which a personal identification number (PIN) has been presented in the authorization message or validated offline by an integrated circuit card (ICC).

### 5.10.2 Multiple TIDs and Partial Payment (*Chargeback Guide* 2.1.7)

Cases involving these types of violations should include sufficient evidence to establish that the card acceptor circumvented the proper authorization or processing procedure at the point of interaction.

For example, the member should include the following:

- Authorization logs and copies of TIDs clearly showing that the card acceptor did not properly authorize the transaction.
- Proof that the card acceptor split into multiple transactions the cost of goods or services that should have been on one TID.

The case also should include proof that the member incurred a financial loss because of this improper procedure. For more information on this type of violation, refer to section 2.1.7 Multiple TIDs and Partial Payment of this guide.

## 5.10.3 Returned Merchandise, Adjustments, Credits and Other Specific Terms of a Transaction (*Chargeback Guide* 2.1.8)

These rules include the proper disclosure of a card acceptor's return policy and any special terms for the transaction (such as, late delivery charges, final sale, in-store credit, custom order, and restocking fees).

When a chargeback right is not available, cases involving these types of violations should include any related documentation to support the dispute. For example, cases involving a credit not being processed should include, in addition to any other pertinent documentation, a cardholder letter explaining that he or she returned the goods or canceled the services, but the card acceptor failed to process a credit properly in accordance with the rules, and as a result, a financial loss occurred. For more information, refer to section 2.1.8 Returned Merchandise, Adjustments, Credits, and Other Specific Terms of a Transaction of this guide.

# 5.11 Missing, Invalid, or Inaccurate Authorization Data

A member may file a compliance case when one or more of the mandatory data elements in the Authorization Request/0100 message are missing. Additionally, the member may file a case if any of the mandatory or optional data elements supplied in the authorization message are invalid or inaccurate and, as a result, the issuer incurred a financial loss.

The issuer must prove, to the satisfaction of MasterCard, that it would not have suffered the financial loss had the mandatory authorization data been present, valid, and accurate and that the filing was not based solely on the data being missing, invalid, or inaccurate.

As with any compliance case filings, a member may not file a compliance case if a chargeback remedy is available.

The issuer must include, but is not limited to, the following documentation:

- The authorization record in its entirety, as received through the Banknet® telecommunications network

- The specific authorization data asserted to be missing, invalid, or inaccurate

- Documentation to confirm that the authorization data, as received, misrepresented the nature of the transaction

- Substantiation of why the missing, invalid, or inaccurate authorization data resulted in the transaction being authorized, and why the transaction would not have been authorized if complete, valid, and accurate data had been received

- A letter signed by the issuer's principal contact or auditor, certifying that proper authorization procedures were employed at the time the authorization request was received. The letter also must state that, if the issuer had received the missing, invalid, or inaccurate data from the acquirer through the authorization record, the issuer would not have suffered a financial loss. If, at the time of the authorization request, the card used in the transaction was lost, stolen, or used without the genuine cardholder's consent, the issuer's principal contact or auditor must certify that the issuer was unaware of this condition at the time of the authorization request.

**NOTE**

**Compliance decisions are final and binding for authorization data integrity cases and the member may not appeal such decisions to the Corporate Secretary.**

# 5.12 Description of Frequently Cited Rules Violations

A member can file a compliance case when another member violates the rules described in this *Chargeback Guide*, if the member has incurred a financial loss and no chargeback right exists. The most frequently violated rules follow.

| Rule Reference[2] | Rule Addresses: |
|---|---|
| *Chargeback Guide* section 2.2.1 MasterCard Guaranteed Reservations | **MasterCard Guaranteed Reservations**<br><br>Use only if a chargeback right is not available and the card acceptor failed to follow proper guaranteed reservation procedures. Documentation should include a copy of the TID, cardholder letter, other pertinent documentation, and sufficient documentation to prove a financial loss occurred directly related to the card acceptor's failure to follow proper procedure. |
| *Chargeback Guide* section 2.2.3 Advance Resort Deposit | **Advance Resort Deposit Procedures**<br><br>Documentation should include a copy of the TID, cardholder letter, other pertinent documentation, and sufficient documentation to prove that a financial loss occurred because the card acceptor failed to follow the proper procedure. |
| *Chargeback Guide* section 2.1.11 Currency Conversion | **Processing and Currency Conversion Requirements**<br><br>MasterCard (not the card acceptor or acquirer) converts the transaction currency at the point of interchange, unless otherwise specified within the rules. |
| *Chargeback Guide* section 2.3 Processing Cash Disbursements | **Procedures for Completing a Cash Disbursement Transaction**<br><br>Documentation should include a copy of the TID and sufficient documentation to prove that a financial loss occurred because the clerk failed to complete the cash disbursement properly. |
| *Chargeback Guide* section 3.10 Message Reason Code 4801—Requested Transaction Data Not Received | **Chargeback Message Reason Code 4801—Requested Transaction Data Not Received**<br><br>Documentation should include MasterCom reporting, chargeback, or retrieval request information; other pertinent documentation; and sufficient documentation to prove a financial loss occurred because of the violation. |
| *Chargeback Guide* section 6.2 Acquirer's Obligation to Provide a Transaction Information Document (TID) | **Acquirer's Obligation to Provide a Transaction Information Document (TID)**<br><br>Documentation should include retrieval request information, other pertinent documentation, and sufficient documentation to prove a financial loss occurred because the acquirer failed to provide the TID. (For example, the issuer supplied a judicial request for TID to substantiate the collection of a debt.) |

Refer to the rules in section 5.4 Compliance Case Filing Procedures of this guide for the filing procedures.

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2. Members should cite the appropriate rule when filing a compliance case.

# 5.13 Discriminatory Practices

The following examples are some of the violations that are categorized as Discriminatory Practices.

| MasterCard Rules Reference | Rule Addresses: |
|---|---|
| **5.6.3**—Cardholder Identification | When a card acceptor asks for additional information from a cardholder not necessary to complete the transaction (such as name, address, telephone number, or additional identification) |
| **5.9.2**—Charges to Cardholders | Surcharges (For example, a card acceptor adds a fee to the purchase price when a MasterCard card is used for payment.) |
| **5.9.3**—Minimum/ Maximum Transaction Amount Prohibited | Transaction minimums and maximums (For example, a card acceptor states that it will not accept a MasterCard card for payment for less than or greater than a certain amount.) |

# Chapter 6  Retrieval Requests and Fulfillments

*This chapter includes information about processing retrieval requests and fulfillments through the MasterCom® electronic imaging system and by means other than the MasterCom system. It also includes information about settlement for retrieval request fulfillments, retention period requirements for transaction information documents, and fines and penalties associated with retrieval requests.*

# Overview

The issuer submits a retrieval request to obtain a copy of a transaction information document (TID) from the acquirer. The requested document may help resolve an issue with a transaction. MasterCard uses the term TID to include transaction documentation such as formsets, sales tickets, terminal receipts, or records of charges.

Fulfillment occurs when the acquirer provides the issuer with the TID. MasterCard processes and settles the appropriate fees.

This chapter includes the following information:

- Procedures to process retrieval requests, responses, and fulfillments through the MasterCom® electronic imaging system

- Recommended procedures for members that choose to submit or fulfill retrieval requests by means other than the MasterCom system

- Settlement procedures for retrieval request fulfillment records

- Retention period requirements for TIDs

- Information about applicable fees, fines, and penalties

# 6.1 Issuer's Right to Request a Transaction Information Document (TID)

Because acquirers must present clearing records to all other members electronically through the Global Clearing Management System (GCMS), the issuer has the right to request the original transaction information document (TID), a copy of the original TID, or a substitute draft.

The three most common reasons for an issuer to initiate a retrieval request are to:

- Satisfy a cardholder inquiry

- Substantiate a chargeback

- Support legal or fraud investigation

However, this right does not apply to MasterCard ATM Network transactions or to intra-European CAT Level 1, 2, or 3 transactions.

# 6.2 Acquirer's Obligation to Provide a Transaction Information Document (TID)

The acquirer has an obligation to provide a legible copy of the TID or a substitute draft if requested by the issuer.

To ensure timely delivery of the item and to be protected against a chargeback for message reason code 4801—Requested Transaction Data Not Received, MasterCard strongly recommends that the acquirer provide the documentation through the MasterCom system. Using the MasterCom system ensures that the issuer receives the transaction information document image or acquirer's retrieval request response code.

Acquirers must provide TIDs within the applicable time frames even though the issuer may not have a chargeback right.

In addition, any member in violation of this section may be assessed a fee of USD 1,000 per day or a fraction thereof, up to a maximum of USD 10,000 for any single member.

# 6.3 MasterCom Processing

All members have been assigned a MasterCom endpoint to help with the routing of retrieval and chargeback documentation through the MasterCom system.

The MasterCom system is PC-based and electronically transmits a copy of the requested TID through the MasterCom server. The result is a clear copy that the issuer and the cardholder can read, and proof for the acquirer that it fulfilled the request. Once again, MasterCard strongly recommends that members use the MasterCom system to ensure timely delivery of items and to retain subsequent chargeback and presentment rights.

## 6.3.1 Initiating a Retrieval Request

All members must process and receive retrieval requests through GCMS to protect their chargeback rights under message reason code 4801—Requested Transaction Data Not Received and 4802—Requested/Required Information Illegible or Missing.

**NOTE**

**Members should recognize that for transactions processed using the MasterCard *PayPass* PAN mapping service, the cardholder PAN for retrievals differ from the PAN originally transmitted by the acquirer.**

**To request an item electronically, issuers must submit a Retrieval Request/1644–603 message. This message contains all of the information necessary for an acquirer to locate a requested item. Refer to the *IPM Clearing Formats* manual for a description and layout of the IPM message.**

| Value | Meaning |
|-------|---------|
| 6305 | Cardholder does not agree with billed amount |
| 6321 | Cardholder does not recognize transaction |
| 6322 | Transaction Certificate (ICC Transaction) |
| 6323 | Transaction Information Document (TID) needed for cardholder's personal records expense reporting |
| 6341 | Fraud investigation |
| 6342 | Potential chargeback or compliance documentation |

Once processed, a retrieval request is not allowed to be reversed.

## 6.3.2 Acquirer's Retrieval Request Response

If an acquirer cannot locate an item based on the information that the issuer provided in the retrieval request, it may respond through the MasterCom workstation with one of the acquirer response codes listed below. The acquirer should thoroughly research the retrieval request before transmitting a response. The acquirer's response may have an impact on second presentment rights if the issuer subsequently initiates a chargeback.

The issuer receives the acquirer's response on its MasterCom workstation. The MasterCom system maintains an audit trail within the issuer's notification file. (For more details, refer to the *MasterCom Administrator's Manual* and the online help for the MasterCom system.)

The four Acquirer Response Codes listed in Table 6.1 describe the reasons for the failure to provide requested items.

**Table 6.1—Acquirer Response Codes**

| Acquirer Response Code | Description |
|------------------------|-------------|
| A | The acquirer reference data (ARD) is not within the range of reference numbers assigned by that acquirer. |
| B | The ARD and cardholder number combination in the retrieval request does not match the original document. |

| Acquirer Response Code | Description |
|---|---|
| C | Any of the following:<br>• The issuer's request for retrieval was for a transaction identified as a *PayPass* transaction that is equal to or less than the chargeback protection amount.<br><br>An Acquirer Response Code of **C** may not be used in response to an issuer's request for a transaction identified as a *PayPass* Transit Post-Authorized Aggregated transaction that is equal to or less than the chargeback protection amount.<br><br>Refer to section 2.12 Processing *PayPass* Transactions of this guide for more information about *PayPass* transactions.<br>• The issuer's request for retrieval was for a transaction identified as a Quick Payment Service (QPS) transaction that is equal to or less than the chargeback protection amount.<br><br>Refer to section 2.10 Quick Payment Service (QPS) Program of this guide for more information about QPS transactions.<br><br>Refer to Appendix C, Chargeback Protection Amounts of this guide for the chargeback protection amounts. |
| E | The item is unavailable. |

To help ensure timely delivery of the response code and to be protected against a chargeback for message reason code 4801—Requested Transaction Data Not Received, MasterCard recommends that all acquirers process their response codes through their MasterCom workstation.

An issuer that receives an acquirer's response code of **A, B, or C** may reject the response to MasterCom Image Review within 10 calendar days. The issuer must document that the retrieval request contained the same data as provided by the acquirer in the original presentment.

The issuer may not submit a chargeback for message reason code 4801—Requested Transaction Data Not Received, unless the issuer receives a favorable response from Image Review. Refer to section 6.3.7 Image Review Guidelines for Rejecting Fulfillments for Image Review guidelines.

An issuer that receives an acquirer's response code of **E** may initiate a chargeback for message reason code 4801.

### 6.3.3 Time Frame for Fulfilling a Retrieval Request

The acquirer should ensure that the issuer receives the TID within 30 calendar days following the Central Site Business Date of the retrieval request. If the acquirer fails to comply with this time frame, it may be liable for chargeback under message reason code 4801 (from the 31st to the 60th day and from the 31st to the 120th day for intra-European transactions).

## 6.3.4 Fulfillment Types

The acquirer that receives a retrieval request must fulfill the request even though a right of chargeback may not exist under the chargeback message reason codes detailed in Chapter 3, Message Reason Codes of this guide. For chip-read transactions, acquirers also must provide the transaction certificate inclusive of its elements upon request.

The acquirer must provide the following types of fulfillments in response to the value (1, 2, or 3) indicated in Retrieval Document Code (Private Data Subelement [PDS] 0228). Retrieval Document Code values are defined as follows:

- **1 = Original TID.** The original TID also is referred to as the "hard copy," or "original paper." The acquirer must transmit a legible copy using the MasterCom system in response to this request. Additionally, the acquirer may provide the original document by certified mail or overnight courier if it is available.

  If the transaction was a mail order, a retrieval request fulfillment for the "hard copy" must minimally provide the cardholder's signature and description of the merchandise.
  **MasterCard urges members to consult legal counsel to determine their individual retention period requirements for original or actual interchange documentation.**

- **2 = Copy of the Original TID.** The acquirer must transmit a legible image of either a TID copy or substitute draft when applicable.

  MasterCard recommends that acquirers fulfill a retrieval request with a legible copy of the TID, even though a substitute draft may be permitted if the reason for request includes a requirement for a signature or imprint.

- **3 = Substitute draft or facsimile draft.** The acquirer may transmit a substitute draft if the transaction was any one of the following transaction types:

  - Mail/telephone order or recurring transaction or any other NFTF (SecureCode and other Electronic Commerce transactions)

  - Airline/passenger railway

  - Vehicle rental

  - Parking lot

  - Lodging

  - CAT

  - Chip-read transaction

The acquirer must not fulfill a retrieval request for a retail transaction electronic draft capture transaction with a substitute draft if it is not for a transaction type listed above.

**NOTE**

**The issuer cannot request a TID for an ATM transaction through GCMS.**

### 6.3.4.1 Documentation Specifications

A legible copy of the front of the actual TID used in the transaction or, at the acquirer's option, the actual TID itself, must conform to the following minimum specifications:

- 80-column slip: 1.75 inches x 3.50 inches (4.45 cm x 8.90 cm)
- 51-column slip: 1.75 inches x 2.50 inches (4.45 cm x 6.35 cm)

The acquirer may provide a legible copy using electronic signature capture technology (ESCT). Acquirers using ESCT must ensure the following:

- That proper electronic data processing (EDP) controls and security are in place, so that digitized signatures are recreated on a transaction-specific basis. The acquirer may recreate the signature captured for a specific transaction only in response to a retrieval request for the transaction.

- That appropriate controls exist over employees with authorized access to digitized signatures maintained in the acquirer or card acceptor host computers. Only employees and agents with a "need to know" should be able to access the stored, electronically captured signatures.

- That the digitized signatures are not accessed or used in a manner contrary to MasterCard rules or policies.

Members that use ESCT do so subject to the indemnity set forth in section 1.1 of the *MasterCard Rules*.

MasterCard reserves the right to audit members to ensure compliance with these sections and may prohibit use of ESCT if it identifies inadequate controls.

### 6.3.4.1.1 Primary Account Number Truncation on Terminal Receipts

MasterCard requires that the primary account number (PAN) be truncated on all cardholder-activated terminal (CAT) transaction receipts presented to cardholders. PAN truncation is permitted on cardholder receipts presented at other points of interaction. Documentation provided in response to a retrieval request may contain a truncated PAN. Refer to Chapter 3 of the *Security Rules and Procedures* manual, and section 2.1.6 Completing the Transaction Information Document (TID) of this guide for additional information and receipt specifications.

## 6.3.5 Requirements for a Substitute Draft

The acquirer is responsible for ensuring that all substitute drafts contain the truncated primary account number (PAN) used in the transaction.

### 6.3.5.1 Substitute Draft for Card Not Present (MO/TO), Electronic Commerce, or Recurring Transaction

The following list identifies the substitute draft data requirements for Card Not Present, electronic commerce, or recurring transactions:
- Cardholder account number
- Cardholder name
- Card acceptor name or Web site address
- Card acceptor location, Web site or customer service phone number in lieu of city information
- Date the merchandise or services were ordered
- Transaction date, date merchandise shipped, or services provided
- Authorization code (if any)
- Specific information describing the merchandise or services purchased
- "Ship to" name and address (if applicable)
- Transaction amount (indicate the original transaction amount if the requested transaction represents a partial shipment)
- Address verification service code (if available)
- Order confirmation number (if available)

**DEFINITION**

**Card Not Present (formerly MO/TO) = A transaction that occurs when the card, the cardholder, or the merchant representative is not present at the time of the transaction (such as but not limited to mail order, telephone order, or Internet transactions).**

### 6.3.5.2 Draft for Vehicle Rental Transaction

The following list identifies the substitute draft data requirements for vehicle rental transactions:
- Cardholder account number
- Description of the rental
    - Type of vehicle
    - Mileage
    - Rental rate(s)
    - Actual rate charges
    - Refueling charge
- Cardholder name
- Cardholder address
- Transaction amount
- Authorization code (if any)
- Card acceptor name
- Rental location
- Return location
- Rental agent identification number
- Insurance charges
- Tax

- Cash received
- Rental agreement number
- Method of billing
- Rental and return dates

### 6.3.5.3 Substitute Draft for Airline and Passenger Railway Transaction

The following list identifies the substitute draft data requirements for airline and passenger railway transactions:
- Cardholder account number
- Cardholder name or business name (optional)
- Passenger name
- Transaction date
- Transaction amount
- Mailing address (optional)
- Authorization code (if any)
- Airline or passenger railway card acceptor name
- Travel agency name and location (if applicable)
- Airline flight or passenger railway information (if applicable)
- Ticket number (optional)

If the cardholder purchased an airline ticket, the acquirer may provide a computer-generated substitute draft produced by the supplier of the ticket (for example, the airline) instead of a legible copy. The substitute draft must be in accordance with Inter-Industry Message Specifications Standards for Credit Card Billing Data. If the substitute draft fails to satisfy the inquiry, the issuer may request the actual TID (hard copy) or a copy of the TID. The acquirer must provide the actual TID or copy of the TID to the issuer.

### 6.3.5.4 Substitute Draft for Lodging Transaction

The following list identifies the substitute draft data requirements for lodging transactions:
- Ticket number (optional)
- Cardholder account number
- Cardholder name
- Guest name, if different
- Dates of stay, including check-in and check-out dates
- Transaction amount
- Authorization codes (if any)
- Card acceptor name and location
- Itemization of charges including room rate, taxes, food and beverage charges, and incidental charges

### 6.3.5.5 Substitute Draft for Cardholder Activated Terminal (CAT)

The following list identifies the substitute draft data requirements for CAT transactions:
- Cardholder account number

* Invoice number (if available)
* Authorization code (if any)
* Transaction date
* Card acceptor name
* CAT location code or city and state
* Product purchased
* Total amount

### 6.3.5.6 Substitute Draft for Parking Lot Transaction

The following list identifies the substitute draft data requirements for parking lot transactions:
* Cardholder account number
* Cardholder name (optional)
* Transaction amount
* Card acceptor name and location
* Terminal location code (if available)
* Transaction date and time
* Authorization code (if any)
* License plate number of the car (optional)

### 6.3.5.7 Substitute Draft for Chip-Read Transaction

The following list identifies the substitute draft data requirements for chip-read transactions:
* Cardholder account number
* Cardholder name (if available)
* Transaction date
* Transaction time (optional)
* Transaction amount
* Authorization code (if any)
* DE 55, complete and unaltered (optional)
* Card acceptor name and location
* Store department (optional)
* Description of the merchandise or services
* "Ship-to" information (if applicable)

### 6.3.5.8 Substitute Draft for *PayPass* Transit Transaction

The following list identifies the substitute draft data requirements for *PayPass* transit transactions:
* Cardholder account number
* Cardholder name (optional)
* Transaction amount
* Card acceptor name
* Transaction date and time
* Authorization code (if any)

- If the transaction was a post-authorized aggregated *PayPass* transit transaction then a list of each terminal location, date, and time at which the *PayPass* tap(s) occurred must be included. The terminal location must readily identifiable by the cardholder, for example: station name or bus route.

## 6.3.6 Retrieval Request Fulfillment Procedure

The acquirer must fulfill a retrieval request through the MasterCom system to guarantee delivery of the item and retain subsequent second presentment rights.

When the acquirer fulfills the request through the MasterCom system, the MasterCom system generates the record. Refer to the *MasterCom Administrator's Manual* or the online help for the MasterCom system for details.

In most cases, the MasterCom system will transmit the image from the acquirer's MIP to the issuer's MIP in 24 hours or less. The printed detail included with the image and transmitted via the MasterCom workstation provides the issuer with sufficient data to allow it to match the documentation to the applicable retrieval request record. The retrieval request is considered complete when the acquirers' workstation processes the image.

Within 10 calendar days (25 calendar days for Mexico domestic transactions) of receipt, however, the issuer has the right to reject the image if the acquirer transmitted an illegible or incorrect image of the TID or substitute documentation to the issuer.

For example, the issuer can reject the item if it did not meet the criteria specified for substitute documentation in section 6.3.5 Requirements for a Substitute Draft.

If the issuer fails to respond by rejecting the image within 10 calendar (25 calendar days for Mexico domestic transactions) days of receipt, the retrieval request is considered fulfilled and GCMS will reject a subsequent chargeback for message reason code 4801—Requested Transaction Data Not Received.

When the issuer rejects an item, it is routed to the MasterCom Image Review workstation in St. Louis, where a MasterCard representative reviews it and rules in favor of the issuer or acquirer. Refer to section 6.3.7 Image Review Guidelines for Rejecting Fulfillments and section 6.3.8 Image Review Guidelines for Rejecting Acquirer's Response Codes for information about the MasterCom Image Review process.

Once the retrieval request is considered fulfilled in accordance with the above procedures, the MasterCom system will generate fulfillment fees through the MasterCard Consolidated Billing System (MCBS). For Mexico domestic transactions only, the MasterCom system will generate the fulfillment fee immediately upon the acquirer's fulfillment of the retrieval request.

Members may use the MasterCom system to transmit images of Visa card transactions through the MasterCom workstation. The process is identical to that previously described for MasterCard retrieval requests. Members must ensure that they update their internal Base II files.

The fulfillment fee structure for Visa transactions supplements Base II fulfillment fees to ensure overall consistency with Visa pricing.

Refer to the *MasterCom Administrators' Manual* and the online help for the MasterCom system for more information about fulfilling requests for Visa transactions.

# 6.3.7 Image Review Guidelines for Rejecting Fulfillments

When rejecting the image of the TID or substitute draft, the issuer must enter the applicable reject reason code in the MasterCom retrieval application on its MasterCom workstation. Refer to section 6.3.7.1 MasterCom Image Review Reject Codes for more information.

If the issuer rejects the fulfillment, the MasterCard Image Review representative reviews the image and reason for the reject and issues a decision in favor of either the issuer or the acquirer. The MasterCard representative usually issues this decision within two business days. This process is called "MasterCom Image Review."

NOTE

**MasterCom Image Review does not decide whether the issuer has valid chargeback reasons. Their responsibility centers on if the item supplied constitutes a valid fulfillment of the request. (For example, if the image is clear and legible and all required data elements are present.)**

Refer to section 6.3.9 MasterCom Image Review Decisions for more detailed information about the MasterCom Image Review process.

## 6.3.7.1 MasterCom Image Review Reject Codes

The following chart contains the issuer reject reason codes and the appropriate chargeback message reason codes to help the member apply the correct chargeback rules.

NOTE

**If the issuer intends to submit a chargeback for any message reason code other than for 4801—Requested Transaction Data Not Received, or 4802—Requested/Required Information Illegible or Missing, it should accept the item.**

**If the issuer rejects the item to Image Review and receives a decision in its favor, it should submit the appropriate chargeback for either message reason code 4801 or 4802.**

| MasterCom Reject Reason Code | | Appropriate Chargeback Message Reason Code |
|---|---|---|
| **Code** | **Description** | |
| P | Primary account number missing/illegible. (**Note:** A truncated primary account number (PAN) on an electronically generated TID does not constitute missing or illegible information.) Refer to section 6.3.7.2 Guidelines for Rejecting for "P" (Primary Account Number Missing/Illegible). | 4802 |
| D | Transaction date missing/illegible. | 4802 |
| A | Transaction amount missing/illegible. Refer to section 6.3.7.3 Guidelines for Rejecting for "A" (Transaction Amount Missing/Illegible). | 4802 |
| E | Not used. | |
| M | Card acceptor name missing/illegible. | 4802 |
| W | Wrong document/item not as requested. Refer to section 6.3.7.5 Guidelines for Rejecting for "W" (Wrong Document/Item Not as Requested). | 4801 |
| O | Other. (To specify items missing or illegible on a substitute draft.) Refer to section 6.3.7.6 Guidelines for Rejecting for "O" (Other—Missing Information on Substitute Draft) and section 6.3.7.7 Memo Field. | 4802 |

Issuers must ensure that reject reasons and chargeback reasons are compatible. For example, if a member rejects an item for "Card Account Number Illegible" and the review decision is in favor of the issuer, GCMS will not allow a chargeback for message reason code 4801—Requested Transaction Data Not Received.

GCMS will not allow the chargeback for message reason code 4801 because the acquirer supplied the correct item, although it was illegible. The issuer may use message reason code 4801 only if it rejects the item for **W**, wrong documentation/item not as requested, and the MasterCom Image Review decision is in favor of the issuer.

Issuers also should examine the ticket carefully before rejecting it to Image Review to ensure that there is no valid reason for chargeback other than message reason code 4801 or 4802. If the issuer identifies another valid chargeback reason, it should accept the item and submit a chargeback with the appropriate message reason code. The only purpose for rejecting the item to Image Review is to preserve chargeback rights for message reason code 4801 or 4802.

### 6.3.7.2 Guidelines for Rejecting for "P" (Primary Account Number Missing/Illegible)

The issuer should not reject the item to Image Review under the following conditions:

*   A manually keyed or handwritten account number appears on the TID and the account number is clear

*   The account number appears more than once on the ticket, and the manually keyed or handwritten account number is clear, but the imprinted number is not clear

*   The account number is clear but is not the one requested

*   The account number is truncated on an electronically-generated TID

The issuer must accept the item under the circumstances specified above and use the applicable chargeback message reason code detailed in Chapter 3, Message Reason Codes of this guide.

### 6.3.7.3 Guidelines for Rejecting for "A" (Transaction Amount Missing/Illegible)

If the transaction amount is legible but is not the amount requested in the retrieval request, the issuer should not reject the item to Image Review. It should accept the item and use the applicable chargeback reason detailed in Chapter 3, Message Reason Codes of this guide.

### 6.3.7.4 Guidelines for Rejecting for "E" (Not Used)

This reject reason code is no longer valid.

### 6.3.7.5 Guidelines for Rejecting for "W" (Wrong Document/Item Not as Requested)

The MasterCard Image Review representative will rule in favor of the issuer if the acquirer improperly fulfilled a retrieval request with a retail substitute draft.

If the acquirer provided an image that was not compatible with the information requested, the issuer should not reject the item to Image Review. For example, the acquirer provided a document with an account number that does not match the original one in the original presentment. The issuer must accept this item and use an applicable chargeback message reason code other than 4801 and 4802.

The issuer may reject a fulfillment to Image Review if **both** the account number and transaction amount on the TID does not match the information provided with the original request.

If the acquirer provided an image of something other than the TID, such as a batch header ticket or a letter from the card acceptor, the issuer may reject for **W** (Wrong Document/Item Not As Requested).

For specific card acceptor types, the acquirer may provide a substitute draft instead of a TID. The acquirer may provide any required data that is missing or illegible in a substitute draft in the memo field, and the issuer must accept the provided information. (An example of information that the acquirer may provide in the memo field is "Credit Issued to a Cardholder.") If the acquirer does not supply the required information, the issuer may reject to Image Review and, if favored, charge back for the applicable chargeback reason detailed in Chapter 3 Message Reason Codes of this guide.

### 6.3.7.6 Guidelines for Rejecting for "O" (Other—Missing Information on Substitute Draft)

Use this message reason code when a substitute draft does not contain the required information identified in section 6.3.5 Requirements for a Substitute Draft.

If the image does not contain a signature, the issuer must accept the item and use the applicable chargeback reason detailed in Chapter 3, Message Reason Codes of this guide.

Members rejecting an item for this reject reason code must provide an explanation for the rejection in the memo field. Members should use this code only for categories other than those listed above.

Any information missing on a substitute draft would constitute a common reason for rejection within this category.

### 6.3.7.7 Memo Field

The acquirer should use the memo field to document unclear or missing information, including the following:
- Card acceptor name or location
- Missing information on the substitute draft
- Transaction date information

When the acquirer provides this information, the issuer may not reject the item to Image Review for the reasons noted in the memo field. If the acquirer does not provide the appropriate information in the memo field, the issuer is permitted to reject the item to Image Review for a decision.

Members may use the following standard abbreviations in the memo field.

| Abbreviation | Definition | Abbreviation | Definition |
|---|---|---|---|
| ACC or ACCT# | Account Number | MER or MERCH | Card acceptor |
| ACQ | Acquirer | MO | Mail Order |
| AMT or $ | Amount | PO | Preauthorized Order |
| CB | Chargeback | RC | Message reason code |

| Abbreviation | Definition | Abbreviation | Definition |
|---|---|---|---|
| CH | Cardholder | REQ RSN | Request Reason |
| EC or ECOM | Electronic Commerce | SGN or SIGN | Signature |
| EDC | Electronic Data Capture | TRN or TRAN | Transaction |
| ILL or ILLEG | Illegible | TD | Transaction Date |
| ISS | Issuer | TO | Telephone Order |
| LOC | Location | W/ | With |

## 6.3.8 Image Review Guidelines for Rejecting Acquirer's Response Codes

An issuer that receives an invalid acquirer's response code of **A, B, or C** may reject the response to Image Review within 10 calendar days under the following conditions.

| Acquirer's Response Code | Condition to Substantiate Reject |
|---|---|
| A | The ARD in the retrieval request contained the valid ARD received in the original Financial Detail Addendum/1644 messages. |
| B | The retrieval request contained the same ARD and cardholder combination as received in the original Financial Detail Addendum/1644 messages. |
| C | The original Financial Detail Addendum/1644 messages does not show a MasterCard *PayPass* transaction took place or carry the QPS three-digit identifier as part of the card acceptor description. |

The issuer must complete its research before rejecting the response code. When an issuer rejects an acquirer's response code, it must send a legible copy of the research document to Image Review through Image Mail, identifying the following:

- Rejecting ARD
- Cardholder account number
- Transaction amount

The research documentation must show the original First Presentment/1240 message received from the acquirer (such as the incoming GCMS report) and must be received at Central Site within 24 hours of the reject.

If an issuer rejects a record, the issuer must send a copy of the original financial detail documentation and the record via fax (1-636-722-7215) as proof to Image Review within 24 hours of the reject.

A MasterCom Image Review representative will review the documentation and decide in favor of the issuer or the acquirer.

If the MasterCom Image Review decides in favor of the issuer, the issuer may submit a chargeback for message reason code 4801—Requested Transaction Data Not Received.

If MasterCom Image Review decides in favor of the acquirer, the acquirer will be paid the fulfillment fee.

## 6.3.9 MasterCom Image Review Decisions

When the Image Review representative issues a decision, MasterCard Central Site sends the issuer and the acquirer images advising them of the ruling. MasterCard provides the following information:

* Original request record generated by the issuer
* Acquirer's response
* Issuer's response
* MasterCom Image Review decision
* Memos supplied by the acquirer, issuer, or MasterCom Image Review

If Image Review decides in favor of the acquirer, the issuer loses chargeback rights for message reason code 4801—Requested Transaction Data Not Received, and message reason code 4802—Requested/Required Information Illegible or Missing. The issuer retains all other chargeback rights.

If the issuer wants to contest this decision, its only recourse is to file a compliance case. The issuer must submit any case involving a MasterCom Image Review decision or dispute to MasterCard within 45 calendar days from the Image Review decision date. Refer to section MasterCom Compliance Policy of this guide for information about MasterCom compliance issues.

If the Image Review is in favor of the issuer, the issuer may submit a chargeback for message reason code 4801—Requested Transaction Data Not Received, or message reason code 4802—Requested/Required Information Illegible or Missing.

Acquirers that receive chargebacks for message reason code 4801—Requested Transaction Data Not Received, and believe the chargeback was the result of an erroneous Image Review decision, must file a compliance case against the issuer within 45 days of receipt of the chargeback for message reason code 4801. Refer to section 5.9 MasterCom Compliance Policy of this guide for information about MasterCom compliance issues.

## 6.3.10 Chargeback-Related GCMS Format Edits

The chargeback edits provided in this section apply only to chargebacks related to retrieval requests fulfilled through the MasterCom system for message reason codes 4801 or 4802.

No Pre-edit edits are run against the MasterCom system-related chargebacks. Central Site retains all retrieval and chargeback information.

The Message Error Indicator (PDS 0005), error message code (subfield 3) identifies any First Chargeback/1442 messages rejected by GCMS because of an error.

### 6.3.10.1 Chargeback Edits for Message Reason Codes 4801 and 4802

MasterCard Central Site edits reject chargebacks for message reason codes 4801 and 4802 for the following reasons:

- The issuer accepted the image sent by the acquirer.

- The issuer rejected the image, and MasterCom Image Review ruled in favor of the acquirer.

- The chargeback was against a retrieval request fulfilled within 30 calendar days following the Central Site Business Date of the retrieval request, the issuer rejected the item, but the MasterCom Image Review decision is pending.

- The chargeback was submitted more than 60 calendar days after the Central Site Business Date of the retrieval request (or more than 120 days for a message reason code 4801 chargeback of an intra-European transaction).

- **For intra-European and Mexico domestic transactions only:** The issuer did not use a Documentation Indicator of **1** (documentation required/sent) when processing a chargeback for reason code 4801.

- The chargeback was submitted 30 or fewer calendar days after the Central Site Business Date of the retrieval request.

  GCMS will reject this chargeback unless the retrieval request was fulfilled within the 30-day period, the issuer rejected the fulfillment, and the Image Review decision confirms that the issuer was favored; **or**

  The issuer received an acquirer's response code **E**.

- The acquirer sends an acquirer's response code of **E** (Item Not Available) and the issuer submits a chargeback for message reason code 4802—Requested/Required Information Illegible or Missing.

- The issuer's retrieval request was not on file and the issuer initiated a chargeback for message reason codes 4801 or 4802.

- The issuer submitted a chargeback for message reason code 4801 or 4802, and the issuer's retrieval request was processed more than 120 calendar days from the Central Site Business Date of the original presentment.

### 6.3.10.2 Second Presentment Edits for Message Reason Code 4801

The acquirer may process a second presentment if:

*   The acquirer has been granted a hardship variance, (see section 1.7.4 Time Frame for Second Presentment ).

*   **For intra-European transactions only:** The issuer processed the chargeback for reason code 4801 and used a Documentation Indicator 1 (documentation required/sent), but the acquirer did not receive the documentation within eight days of the Central Site Business Date of the chargeback.

For any other situation, MasterCard Central Site edits will reject second presentments for reason code 4801.

# 6.4 Settlement

GCMS processes and settles retrieval request fulfillment records.

GCMS creates the Financial Position Detail/1644 reconciliation message that confirms each sending member's accepted retrieval fulfillment fees.

The issuer may collect a USD 25 (EUR 25) handling fee if the retrieval request or TID provided with the second presentment verifies an incorrect card acceptor name, location, or transaction date. When collecting a handling fee, the issuer must submit a Fee Collection/1740 message with message reason code 7612.

# 6.5 Transaction Information Document Retention Period

The acquirer is required to retain a copy of interchange transaction information documents for a minimum of 18 months from the processing date for transactions.

**NOTE**

**The retention period required by this chapter may not satisfy all local and national laws and regulations. MasterCard recommends that each member discuss the advisability of longer retention periods with its legal department. (Refer to section 1.18, Invalid Chargeback, Second Presentment, and Arbitration Chargeback, for additional retention requirements.)**

# Appendix A  Chargebacks—MasterCard Europe ATM Transactions (Cirrus and MasterCard)

*This appendix contains the rules and procedures for processing interregional and intra-European Cirrus and MasterCard ATM and PIN-based in-branch terminal exception transactions.*

***The information contained in this appendix is for Europe region members only****.*

# Overview

This appendix contains the rules and procedures for processing both interregional and intra-European Cirrus® and MasterCard ATM and PIN-based in-branch terminal exception transactions. For the rules and procedures applicable to Maestro® ATM and PIN-based in-branch terminal exception transactions, refer to Appendix B, Chargebacks—Maestro Debit Cards of this guide.

# A.1 Clearing

All MasterCard Europe members holding Cirrus and MasterCard licenses (participants) must use and comply with the Integrated Product Message (IPM) format and support the full clearing cycle.

# A.2 Processing Cycles

The following sections contain information about the Processing Cycles.

## A.2.1 Processing Cycle for ATM Transactions

**Figure A.1—Exception processing cycle for ATM transactions**

| Processing Cycle | Time Frame |
|---|---|
| **Presentment** | The acquirer must send the presentment within seven calendar days of the transaction date. |
| **Chargeback** | The issuer must send the chargeback within 120 calendar days of the Central Site Business Date for intra-European transactions and of the switch settlement date for interregional transactions. |
| **Second Presentment** | The acquirer must send the second presentment within 45 calendar days of the Central Site Business Date of the chargeback. |
| **Arbitration Case** | The issuer must submit the Arbitration Case to MasterCard within 45 calendar days of the second presentment Central Site Business Date. |

## A.2.2 Presentment

A transaction taking place at the ATM or PIN-based in-branch terminal is presented to the issuer electronically via Global Clearing Management System (GCMS).

Interregional transactions made outside Europe with European cards will be presented to Europe issuers by MasterCard® Debit Switch (MDS) via GCMS in USD.

The clearing presentment should be created by the acquirer as soon as possible and sent within seven calendar days of the transaction date. Transactions that are not presented within this time frame may be subject to chargebacks under message reason code 4842 (Late Presentment) or 4811 (Stale Transactions).

For all transactions presented between 46 calendar days and one year from the transaction date, the acquirer will be charged a fee that will be transferred in full to the issuer.

### A.2.2.1 Reversals

Whenever an acquirer identifies a partially completed transaction, or a not-completed transaction or an error in the presentment of a transaction, it must process a reversal covered by a Financial Message Reversal. This can be a reversal for the transaction amount of the presentment (full reversal) or for a partial amount (partial reversal). This procedure must be used when a full or partial reversal in the authorization flow was received after presentment of the transaction. There is no time limit for the acquirer to issue a reversal.

Presentment must be for the full amount of the original transaction, in the currency of the original transaction, and may be altered only by a full or partial reversal:

- **A full reversal:** If a previously authorized transaction is fully reversed (for example, valid authorization request and response, and the corresponding reversal request and response messages are received) within the same clearing cycle, the transaction shall not appear in the clearing file.

- **A partial reversal:** If a previously authorized transaction is partially reversed (for example, valid authorization request and response, and the corresponding reversal request and response messages are received) within the same clearing cycle, the transaction shall appear in the clearing file with the corrected transaction amount.

## A.2.3 Chargebacks and Second Presentments

The following sections contain information about chargebacks and second presentments.

### A.2.3.1 Chargeback

A chargeback may be initiated if the issuer determines that the transaction was presented in violation of the Rules and that a specific reason is available as detailed in "Chargeback Reasons" (refer to section A.3). An acquirer must accept the resultant liability unless it can satisfy the conditions for second presentment.

All chargebacks that are processed using GCMS must be processed electronically by the issuer to the acquirer using the chargeback message as defined in the *IPM Clearing Formats* manual.

The issuer must send the chargeback within 120 calendar days of the Central Site Business Date for intra-European transactions and of the switch settlement date for interregional transactions.

No provisions are made to settle any losses/gains resulting from exchange rate differences or funding costs.

Chargeback support documentation is not required. However, issuers should be able to justify any chargeback initiated.

All message reason codes in this appendix are allowed for ATM and for PIN-based in-branch terminal transactions completed with magnetic stripe or chip technology unless otherwise stated.

### A.2.3.2 Second Presentment

A second presentment may be processed by the acquirer:

- If additional information can be provided to remedy the original defect that led to the chargeback.

- If the chargeback is believed to be invalid.

The second presentment must be electronically processed by the acquirer to the issuer using the second presentment message as defined in *IPM Clearing Formats.*

Second presentments must be submitted within 45 calendar days of the Central Site Business Date of the chargeback for intra-European transactions and of the chargeback settlement date for interregional transactions.

The second presentment may not be for an amount in excess of the issuer's chargeback but may be for the same or a lesser amount.

No provisions are made to settle any losses/gains resulting from exchange rate differences or funding costs.

The second presentment DE 72 (Data Record) must contain the contact name, phone, and fax numbers for second presentments for all interregional ATM message reason codes.

The requirements that must be met before an acquirer can second present a transaction, and the supporting documentation required are provided under each message reason code.

**For intra-European transactions** other, general second presentment message reason codes may apply, such as:

- 2713—Invalid Chargeback
- 2702—Past Chargeback Time Limit
- 2011—Credit Previously Issued

Please refer to section 3.9.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage of this guide for more message reason codes.

Supporting documentation, completed in English or accompanied by an English translation, must be submitted at the time the second presentment is processed.

All supporting documentation must be provided through MasterCom:

1. **For interregional transactions**, when the acquirer supplies documentation through the MasterCom system, the issuer has **10 calendar days** from the date the image was delivered to dispute it **only** if information that is relevant to resolving the dispute is illegible.

2. If the issuer determines the documentation to be illegible, the issuer must complete a Second Presentment (Representment) Documentation Dispute (Form 799e) and fax it to the Debit Dispute Department, together with a copy of the illegible documentation provided by the acquirer. Refer to Appendix D, Forms for instructions for accessing required forms.

3. On receipt of the form and documentation supporting a claim of illegibility, the Debit Dispute Department Representative will forward the Second Presentment (Representment) Documentation Dispute (Form 799e) to the acquirer. If the documentation is illegible, the acquirer has **five calendar days** to submit legible documentation via fax to the Debit Dispute Department.

4. If the issuer fails to receive documentation within 10 calendar days from the date of the representment, the issuer must complete a Second Presentment (Representment) Documentation Dispute (Form 799e) within 20 days of the representment, and fax it to the Debit Dispute Department stating that the documentation was not received. The Debit Dispute Department will forward the documentation to the issuer if it was received from the acquirer within 10 days of the representment, or the representment will be reversed.

Refer to section A.4 Settlement of Disputes for arbitration proceedings.

## A.2.4 Chip Transactions

The production of a transaction cryptogram and related data elements for each chip transaction introduces new information, which can help determine the actual circumstances of a transaction and thus assist in determining issuer and acquirer liabilities. Cryptograms must be provided to issuers in the original presentment or must be made available to issuers if needed for subsequent enquiries.

However, the cryptogram in itself does not constitute a guarantee of payment to the acquirer. The lack of a cryptogram or an invalid cryptogram does not provide an automatic right of chargeback to the issuer.

**For intra-European transactions only**, DE 55 must be present in the First Presentment/1240 message. If the acquirer does not supply correct data in DE 55 of the First Presentment/1240 message, the issuer may collect a handling fee of EUR 25 .

NOTE

**Refer to section 11.1.1 of the *Cirrus Worldwide Operating Rules* for further information concerning the Chip Liability Shift Program.**

# A.3 Message Reason Codes

The following message reason codes are allowed for ATM and for PIN-based in-branch terminal transactions completed with magnetic stripe or chip technology unless otherwise stated.

| Reason Code | Description | Section |
|---|---|---|
| 4808[1] | Transaction Not Authorized | A.3.2 |
| 4834 | Duplicate Processing of Transaction | A.3.5 |
| 4842[1] | Late Presentment | A.3.6 |
| 4859 | Services Not Rendered | A.3.7 |
| 4870[1] | Chip Liability Shift | A.3.8 |

1. Not available for interregional ATM transactions.

In addition to the above chargeback reasons, the following message reason codes may be used by MasterCard to automatically chargeback interregional transactions.

| Reason Code | Description | Section |
|---|---|---|
| 4804 | Multiple Processing | A.3.1 |
| 4809 | Transaction not reconciled | A.3.3 |
| 4811 | Stale Transaction | A.3.4 |

## A.3.1 Message Reason Code 4804—Multiple Processing

The following sections describe the proper and improper use of message reason code 4804.

### A.3.1.1 Proper Use of Message Reason Code 4804

MasterCard uses this reason code to automatically charge back any interregional transaction between a Europe acquirer and a non-Europe issuer if a previous presentment had already been matched to the pending file.

### A.3.1.2 Improper Use of Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

## A.3.2 Message Reason Code 4808—Transaction Not Authorized

The following sections describe the proper and improper use of message reason code 4808.

### A.3.2.1 Proper Use of Message Reason Code 4808

The issuer receives a complaint from the cardholder or it has determined that an intra-European transaction presented has not been properly authorized.

One of the following:

- The issuer or his agent has never received an authorization request.
- The issuer or his agent has declined the authorization request.
- The amount processed is higher than the authorized amount.

This message reason code may be used for a chip transaction if it has not been authorized online by the issuer. The full amount should be charged back, except when the processed amount is higher than the authorized amount. In this case, the difference between both amounts may be charged back.

### A.3.2.2 Proper Use for Issuer's First Chargeback

The condition shown below represents a valid option that the issuer may choose to process a first chargeback for message reason code 4808.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Supporting Documents** | The issuer must specify why the transaction cannot be posted to the account by providing the account condition in DE 72 (Data Record). |
| **DE 72 (Data Record)** | STATUS CODE X |
| **Notes** | Replace X with one of the following:<br>• **C**—Credit Problem<br>• **F**—Other Fraud (for example, lost, stolen or never received)<br>• **O**—Account Closed<br>• **X**—Counterfeit |

### A.3.2.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4808.

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Transaction Authorized |
| **Second Presentment Condition** | The acquirer can substantiate that the transaction was approved. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | **MMDDYY NNNNNN** |
| **Notes** | Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code. |

Other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

## A.3.3 Message Reason Code 4809—Transaction Not Reconciled

The following sections describe the proper and improper use of message reason code 4809.

### A.3.3.1 Proper Use of Message Reason Code 4809

MasterCard uses this reason code to automatically charge back any interregional transaction between a Europe acquirer and a non-Europe issuer in the following situation.

MasterCard was unable to reconcile the clearing presentment with the authorization details of a transaction and has determined that there is a discrepancy between the reference of the authorization request and the clearing presentment.

### A.3.3.2 Improper Use of Acquirer's Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

## A.3.4 Message Reason Code 4811—Stale Transaction

The following sections describe the proper and improper use of message reason code 4811.

### A.3.4.1 Proper Use of Message Reason Code 4811

MasterCard uses this reason code to automatically charge back any interregional transaction between a Europe acquirer and a non-Europe issuer presented more than 120 calendar days after the transaction date.

### A.3.4.2 Improper Use of Acquirer's Second Presentment

Second presentments are not permitted under this reason code.

## A.3.5 Message Reason Code 4834—Duplicate Processing of Transaction

The following sections describe the proper and improper use of message reason code 4834.

### A.3.5.1 Proper Use of Message Reason Code 4834

The issuer or the cardholder determines that a transaction has been submitted in duplicate. A transaction is considered duplicate if the terminal ID, the transaction amount, the date and the time of the transaction are the same.

### A.3.5.2 Proper Use for Issuer's First Chargeback

The conditions shown below represent valid options that the issuer may choose to process a first chargeback for message reason code 4834.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | FIRST REF NNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Replace **NNNNNNNNNNNNNNNNNNNNNNN** with the acquirer reference data (ARD) of the first transaction. |

**Table A.1—Interregional Transactions**

| | |
|---|---|
| **Time Frame** | 120 days |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | The issuer must charge back both transactions. |

### A.3.5.3 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4834.

**Table A.2—Transaction Authorized (For Intra-European Transactions Only)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Transaction Authorized |
| **Second Presentment Condition** | The acquirer can substantiate that both transactions are valid and were authorized by PIN. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | PIN MMDDYY NNNNNN, PIN MMDDYY NNNNNN |
| **Notes** | **Applies to intra-European transactions only**<br>Replace **MMDDYY** with the date the issuer authorized the transaction.<br>Replace **NNNNNN** with the authorization approval code of both transactions. |

**Table A.3—Credit Previously Issued (For Intra-European Transactions Only)**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011**<br>Credit Previously Issued |
| **Second Presentment Condition** | The acquirer can substantiate that a credit was processed. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | Credit MMDDYY ARD NNNNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | **Applies to intra-European transactions only**<br>Replace **MMDDYY** with the date the issuer sent the credit or reversal and optionally replace **NNNNNNNNNNNNNNNNNNNNNNNNN** with the ARD. |

**Table A.4—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>See Corresponding Documentation/Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can substantiate that both transactions were valid. |
| **Supporting Documents** | Documentation indicating two separate transactions. |
| **DE 72 (Data Record)** | None |
| **Notes** | For interregional transactions where no ARD was mentioned in the Data Record of the chargeback, the acquirer must only provide documentation substantiating the transaction that was charged back. |

**Table A.5—Invalid Data Record**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2704**<br>Invalid Data Record |
| **Second Presentment Condition** | The chargeback is invalid because the issuer failed to provide the original ARD in DE 72. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | **Applies to intra-European transactions only** |

Other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

# A.3.6 Message Reason Code 4842—Late Presentment

The following sections describe the proper and improper use of message reason code 4842.

### A.3.6.1 Proper Use of Message Reason Code 4842

This message reason code is used when an intra-European transaction was presented more than seven calendar days after the transaction date and the account is permanently closed.

### A.3.6.2 Proper Use for Issuer's First Chargeback

The issuer must use good-faith efforts to collect the transaction amount from the cardholder before exercising this chargeback right.

### A.3.6.3 Improper Use for Issuer's First Chargeback

The issuer cannot submit a chargeback for message reason code 4842 if the account is in good standing.

### A.3.6.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4842.

**Table A.6—Correct Transaction Date Provided**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2003**<br>Correct Transaction Date Provided |
| **Second Presentment Condition** | The acquirer can show that the chargeback was invalid or can substantiate that the transaction date was not more than seven calendar days prior to the central processing date of the presentment. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | MMDDYY |
| **Notes** | Replace **MMDDYY** with the correct transaction date |

**Table A.7—Account not Permanently Closed**

| | |
|---|---|
| **IPM  Second Presentment Message Reason Code** | **2713**<br>Invalid Chargeback |
| **Second Presentment Condition** | The acquirer can show that the account is not permanently closed. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | MMDDYY |
| **Notes** | Replace **MMDDYY** with the authorization date and code obtained after the chargeback date. |

Other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

# A.3.7 Message Reason Code 4859—Services Not Rendered

The following sections describe the proper and improper use of message reason code 4859.

### A.3.7.1 Proper Use of Message Reason Code 4859

This message reason code applies only to **ATM transactions**.

The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.

### A.3.7.2 Proper Use for Issuer's First Chargeback

The condition shown below represents a valid option that the issuer may choose to process a first chargeback for message reason code 4859.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | RS3 |
| **Notes** | None |

### A.3.7.3 Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4859.

**Table A.8—Disbursement of Funds to Cardholder**

| | |
|---|---|
| **IPM  Second Presentment Message Reason Code** | 2700<br>Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can provide documentation verifying the disbursement of funds to the cardholder. |
| **Supporting Documents** | A legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The ATM audit tape or the transaction report must show any terminal activity that occurred immediately before and after the disputed transaction.<br><br>The internal transaction report from the acquirer is to be used only when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system.<br><br>A transaction report must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions.<br><br>At minimum, the audit tape or transaction report must include:<br><br>• Primary Account Number read from track 2 of the magnetic stripe or from the chip (DE 2)<br>• Transaction type and account accessed (DE 3)<br>• Transaction amount in local currency (DE 4)<br>• Transaction trace or System Trace Audit Number (DE 11)<br>• Transaction date and time (DE 12)<br>• Terminal ID (DE 41)<br>• Terminal status (only required in case of partial or no dispense)<br>• Error report (only required in case of partial or no dispense). The documentation may also show:<br>  – Terminal's response to the last command received from the Interchange System<br>  – Retract indicator<br>  – Bill counts for each canister<br><br>If bill counts are present in the documentation, the acquirer must state the denomination of the bills that were dispensed from each canister. |
| **DE 72 (Data Record)** | None |
| **Notes** | The Data Elements (DE) referred to above should contain the same information that would be included in the 0100/Authorization Request and 1240/First Presentment messages. If provided in a different format from the Banknet network or IPM, a key would be required to explain each field. Reasonable evidence of a successful disbursement of funds must be provided in the documentation supplied. |

**For intra-European transactions** other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

## A.3.8 Message Reason Code 4870—Chip Liability Shift

The following sections describe the proper and improper use of message reason code 4870.

### A.3.8.1 Proper Use of Message Reason Code 4870

The Chip Liability Program allows participating members to charge back fraudulent magnetic stripe transactions resulting from counterfeit fraud.

This message reason code applies to intra-European ATM transactions and to transactions in which one member is located in the Europe region and the other member is located in a participating country or territory in another region.

| In this region... | The following countries and territories participate... | Effective for transactions dated on or after... |
|---|---|---|
| Canada region | All | 15 April 2011 |
| Latin America and the Caribbean region | All except Mexico | 12 October 2012 |
| | Mexico | 1 September 2014 |
| South Asia/Middle East/Africa region | South Africa | 1 June 2010 |
| | Bahrain, Kuwait, Mauritius, Morocco, Qatar, Tunisia, and the United Arab Emirates | 15 October 2 |
| | All except Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka | 15 April 2011 |

The issuer **may initiate** a chargeback using message reason code 4870 for counterfeit fraud when:

- The issuer receives a cardholder letter alleging that the transaction was fraudulent, and that the cardholder was in possession of his/her card at the time of the transaction.

- The transaction was conducted with a hybrid counterfeit card at a magnetic stripe reading-only ATM and the validly issued card (if any) was a hybrid card.

- The transaction that occurred on the counterfeit card was reported to SAFE on or before the date the chargeback was processed.

### A.3.8.2 Improper Use of Message Reason Code 4870

The issuer **must not initiate** a chargeback using message reason code 4870 for any of the following if:

- A hybrid card is used at a hybrid terminal.

- A fallback from chip to magnetic stripe technology occurs and the transaction is properly identified in the authorization and clearing records with POS entry mode 80 (DE 22).

**NOTE**

**Technical Fallback is not permitted for ATM, and the issuer has a compliance right in cases of counterfeit fraud. Refer to Chapter 19, sections 7.4.1.2 and 7.11.3 of the *Cirrus Worldwide Operating Rules*.**

### A.3.8.3 Proper Use for Issuer's First Chargeback

The condition shown below represents a valid option that the issuer may choose to process a first chargeback for message reason code 4870.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |
| **Notes** | Issuer must have a cardholder letter and must provide the cardholder letter should the dispute escalate to an arbitration case. |

### A.3.8.4 Proper use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4870.

**Table A.9—Chargeback Invalid—Intra-European Transactions**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2713 <br> Chargeback invalid |
| **Second Presentment Condition** | The acquirer can show that the liability shift does not apply as: <br> a. The card involved was not a hybrid card according to the service code (DE 35) in the authorization request. <br> b. The transaction was completed with chip. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | a. TRX Chip Liability Shift NA <br> b. Chip Transaction |
| **Notes** | None |

Other message codes may apply; please refer to section A.2.3.2 Second Presentment for more details.

# A.4 Settlement of Disputes

The following sections contain information about the settlement of disputes.

## A.4.1 Intra-European Disputes

The following sections contain information about intra-European disputes.

### A.4.1.1 When to File an Arbitration Case

When both participants have exhausted their chargeback rights under the allowable processing cycles, the issuer may file for arbitration within 45 calendar days of the central processing date of the second presentment if:

- The issuer believes the acquirer's second presentment is invalid.

- The issuer did not receive documentation required from the acquirer within 10 calendar days of the central processing date of the second presentment for intra-European transactions.

The arbitration case may be for the same full amount of the second presentment or less.

### A.4.1.2 When to File a Compliance Case

A participant may file a compliance case against another participant because of a rule violation of the MasterCard rules if the following conditions are met:

- A chargeback right does not exist.

- The participant has suffered a financial loss directly due to the rule violation in question.

The case must be filed within 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction.

Before filing a compliance case, the filing participant must send a pre-compliance letter in an attempt to resolve the dispute. The pre-compliance letter must allow the other participant at least 30 calendar days to respond before the compliance case is filed.

## A.4.2 Interregional Disputes

The following sections contain information about interregional disputes.

### A.4.2.1 When to File an Arbitration Case

An issuer may proceed to arbitration within 45 days from the second presentment date if it believes the acquirers second presentment is invalid.

Either the issuer or acquirer may proceed to arbitration if it disputes a MasterCard decision, following the issuers submission of a completed Second Presentment (Representation) Documentation Dispute (Form 799e), regarding illegible documentation received with a second presentment. If the issuer fails to receive documentation within ten (10) calendar days, the issuer must complete the Second Presentment (Representation) Documentation Dispute (Form 799e) within twenty (20) days of the second presentment and fax it to the Debit Dispute Department. For instructions on accessing the required form, refer to Appendix D, Forms of this guide.

**NOTE**

**For interregional disputes the issuer must follow the Dispute Resolution Process as outlined in section 11.5 of the *Cirrus Worldwide Operating Rules* before filing an arbitration case because of illegible or missing documentation.**

### A.4.2.2 When to File a Compliance Case

A participant may file a compliance case if it believes that another participant has violated any section of the Cirrus Worldwide Operating Rules or MasterCard Standard if the following conditions are met:

- A chargeback right does not exist.

- The participant has suffered a financial loss directly caused by the rule violation.

The case must be filed within 180 calendar days from the transaction presentment date or from the violation date if the alleged violation does not concern a transaction.

Before filing a compliance case, the filing participant must send a pre-compliance letter in an attempt to resolve the dispute. The pre-compliance letter must allow the other participant at least 30 calendar days to respond before the compliance case is filed.

## A.4.3 Arbitration and Compliance Filing Procedures—Intra-European and Interregional Cases

To file a case the following forms should be used:

- **Arbitration Case**—Summary of Arbitration Documentation (ICA 14A) (Form 571)

- **Compliance Case**—Regulations/Rules Violations (Other than Chargeback) (ICA-14B) (Form 572)

Refer to Appendix D, Forms for instructions for accessing these forms.

The completed Arbitration or Compliance Case form must be faxed to the Dispute Resolution Management Department at 1-636-722-7215.

The fax date will be considered the filing date.

The Arbitration or Compliance Filing Case form must be accompanied by a thorough description of the circumstances of the case, in chronological order. Legible copies of all relevant documentation, together with paper copies of electronic records, must be included. All documentation must be written in English or translated into English.

All arbitration or compliance cases must be signed by the principal contact or the compliance contact of the filing participant.

**Intra-European cases only:** Intra-European cases may be filed directly in the MasterCom Electronic Case Filing Application or via the case filing hub site. For details, refer to Chapter 4, Arbitration Procedures in this guide for arbitration cases or Chapter 5, Compliance Procedures in this guide for compliance cases.

## A.4.4 Arbitration and Compliance Review Procedure—Intra-European and Interregional Cases

Arbitration and compliance cases will be reviewed by Dispute Resolution Management in accordance with the rules in effect on the date of the transaction, unless otherwise stated.

**Arbitration cases**—Upon receipt, the Dispute Resolution Management Department will fax an acknowledgement to both parties. The filed-against member has ten calendar days from the date of the acknowledgement to respond. The response must be sent by fax.

**Compliance cases**—Upon receipt, the Dispute Resolution Management Department will fax an acknowledgement to both parties. The filed-against member has ten calendar days from the date of the acknowledgement to respond, and provide legible copies of any supporting documentation to the Dispute Resolution Management Department. The response must be sent by fax.

Dispute Resolution Management will make its ruling according to timely information received from each participant and other relevant information. Documentation required as outlined in this appendix, which was not provided to the participant concerned within the time frames described above, will not be considered by Dispute Resolution Management.

Both participants will be advised in writing of Dispute Resolution Management's decision.

**For interregional cases**—Settlement of the dispute must take place as soon as is practicable after receipt of the Dispute Resolution Management Department's decision.

**For intra-European cases**—If MasterCard rules in favor of the filing member, MasterCard will credit the disputed amount to the filing member and will debit the disputed amount to the filed-against member by generating Global Clearing Management System (GCMS) "On-Behalf" Fee Collection/1740 messages using message reason code 7800.

### A.4.4.1 Non-Acceptance of a Case

Following a preliminary examination of the case, the Dispute Resolution Management Department will decide whether it can accept the case for ruling.

An arbitration or compliance case will be declined if the filing member did not follow the filing requirements, including, but not limited to the following infractions:

- The filing member has not submitted the documentation required in accordance with the rules or otherwise requested by the reviewing body.

- The filing form and all documentation is neither in English nor is accompanied by an English translation.

- The case was filed after the time frames specified above.

- Copies of the filing form and accompanying documentation were not sent to the filed-against participant.

- The filing form was not signed by the Compliance Contact or Principal Contact of the filing member.

- The pre-compliance attempt was not made in accordance with the rules (applicable only in compliance cases).

If a case is not accepted for any of the above reasons, the reviewing body will retain the filing fee. The filing member may resubmit a case that has been declined for ruling if it can correct the deficiency that caused the case to be declined within the applicable filing time frames. A new filing fee will apply.

### A.4.4.2 Withdrawal of Case

Either participant can accept responsibility for the disputed amount before the Dispute Resolution Management Department has reached a decision. The Dispute Resolution Management Department must receive the Participant's written acknowledgement of responsibility before the decision is made. If the acknowledgement is received before the Dispute Resolution Management Department makes its decision, the Dispute Resolution Management Department will advise both participants accordingly, and the case will be withdrawn.

#### A.4.4.2.1 Arbitration and Compliance Fees

The participant found liable for the disputed transaction will be responsible for the filing fee and an administration fee.

In addition to the above, a participant will also be charged for each technical violation of established procedures. Staff may assess applicable technical fees against either participant involved in the arbitration or compliance case, even if the case was ruled in their favor.

In the event of a case withdrawal, the Dispute Resolution Management Department will assess the filing fee to the participant accepting responsibility. In addition, a withdrawal fee will be assessed.

**For intra-European cases**—MasterCard will assess the filing fee, administrative fee, and any technical fees, for the case through the MasterCard Consolidated Billing System (MCBS) as billing events.

## A.4.5 Arbitration or Compliance Case Appeals

Please refer to section 4.9 Arbitration or Compliance Case Appeals of this guide for the procedure and requirements applicable to appeals of both intra-European and interregional arbitration and compliance cases.

# Appendix B  Chargebacks—Maestro Debit Cards

*This appendix describes the procedures for processing Maestro® exception transactions.*

***The information contained in this appendix is for Europe region members only****.*

# Overview

| Processing Cycle | Time Frame |
|---|---|
| **Presentment** | The acquirer must send the presentment within seven (7) calendar days of the transaction date. |
| **Chargeback** | The issuer must send the chargeback within 120 calendar days of the central processing date for intra-European transactions and of the switch settlement date for interregional transactions. |
| **Second Presentment** | The acquirer must send the second presentment within 45 calendar days of the central processing date of the chargeback. |
| **Arbitration Case** | The issuer must submit the Arbitration Case to MasterCard within 45 calendar days of the second presentment central processing date. |

# B.1 Exception Item Processing

The following sections provide information on Exception Item Processing

## B.1.1 Exception Transaction Types

### B.1.1.1 POS Transactions

Each member must support the following POS exception transaction types:

- Retrieval request/request for documentation

- First chargeback

- Second presentment

### B.1.1.2 ATM Transactions

Each member must support the following ATM exception transaction types:

- First chargeback

- Second presentment

## B.1.2 Reversals

Europe uses a dual message system to process authorization messages and clearing messages (using Global Clearing Management System [GCMS]). Therefore, whenever an acquirer identifies an error in the presentment of a transaction, a "reversal" (either full or partial) will be generated. There is no time limit for the acquirer to issue a reversal.

## B.1.3 Retrieval Requests (POS Transactions Only)

An issuer may initiate a retrieval request for an intra-European transaction following either:

- A cardholder request

- Fraud investigation

If a retrieval request for an intra-European transaction is not fulfilled properly, the issuer may have chargeback rights under the following message reason codes:

- Non-fulfillment of request for information, reason code 4801

- Non-fulfillment of request—illegible copy, reason code 4802

### B.1.3.1 Acquirer Requirements

The acquirer must fulfill a retrieval request within 45 calendar days of the retrieval request processing date by providing the issuer with a legible copy of the requested documentation through MasterCom®.

### B.1.3.2 E–Commerce Transactions

An issuer may request a copy of the order information that was processed at the time of the transaction. An original copy of the transaction receipt for an e-commerce (electronic commerce) transaction cannot be requested, because none exists.

The acquirer must obtain order information from the merchant, if it is requested to do so by an issuer.

The acquirer must validate that the order information supplied by the merchant corresponds to the message digest of the order information contained in the original transaction.

The acquirer must make the merchant's contact address and telephone number available to the issuer.

## B.1.4 Chip Transactions

The production of a transaction cryptogram and related data elements for each chip transaction introduces new information, which can help determine the actual circumstances of a transaction and thus assist in determining issuer and acquirer liabilities. Cryptograms must be provided to issuers in the original presentment or must be made available to issuers via retrieval request fulfillments if needed for subsequent inquiries.

However, the cryptogram in itself does not constitute a guarantee of payment to the acquirer. Nor does the lack of a cryptogram or an invalid cryptogram provide an automatic right of chargeback to the issuer.

## B.1.5 Chargebacks

All message reason codes in this appendix are allowed for any type of Maestro transaction unless otherwise stated under the message reason code. Such transactions include:

- Magnetic stripe or chip read transactions
- Signature, PIN or non-PIN based transactions

### B.1.5.1 Chargeback Procedures

A chargeback may be initiated if the issuer determines that the transaction was presented in violation of the rules and that a specific reason is available as detailed in section B.1.6 Second Presentment Procedures (for intra-European transactions) of this appendix.

A chargeback must be submitted within 120 calendar days from the Central Site Processing date for the full transaction amount, unless otherwise specified in the appropriate message reason codes. An acquirer must accept the resultant liability unless it can satisfy the conditions for second presentment.

### B.1.5.2 Supporting Documentation for a Chargeback

No supporting documentation is required when submitting a chargeback, unless otherwise stated under the specific message reason code. However, issuers should be able to justify any chargeback initiated.

## B.1.6 Second Presentment Procedures

An acquirer must use its best efforts to investigate each chargeback received for validity and either accept the charge or process a second presentment.

The second presentment may not be for an amount in excess of the issuer's chargeback but may be for the same or a lesser amount.

No provisions are made to settle any losses or gains resulting from exchange rate differences or funding costs.

Second presentments must be submitted within 45 calendar days from the chargeback processing date. The requirements that must be met before an acquirer can second present a transaction, and the supporting documentation required, are provided under each message reason code.

**For intra-European transactions** other general second presentment message reason codes may apply, such as:

- 2713—Invalid Chargeback
- 2702—Past Chargeback Time Limit Issued
- 2011—Credit Previously

Please refer to section 3.9.4 Second Presentment/1240 IPM (Function Codes 205 or 282) Message Reason Code Usage of this guide for a complete list of second presentment message reason codes.

After the acquirer has processed the second presentment, the issuer has no further chargeback rights; arbitration chargebacks are not permitted.

### B.1.6.1 Supporting Documentation for a Second Presentment

Supporting documentation, completed in English, or accompanied by an English translation, must be submitted within 10 days of the second presentment processing date.

**For interregional transactions**, the acquirer must supply supporting documentation with every second presentment, substantiating the reason for the second presentment.

**For intra-European transactions**, if the acquirer does not submit the required supporting documentation with the second presentment, the issuer can bring the case to arbitration within 45 days of the second presentment processing date. For disputes between two members that share a common language, it is sufficient if the documentation is translated into English at arbitration stage.

### B.1.6.2 Disputing Supporting Documentation

**For interregional transactions**, when the acquirer supplies documentation through the MasterCom system, the issuer has 10 calendar days from the date the image was delivered to dispute it for legibility or missing information by submitting a completed Representment Documentation Dispute (Form 564). For instructions on accessing the forms, refer to Appendix D, Forms of this guide. Refer to section B.4 Arbitration and Compliance for details regarding interregional and intra-European arbitration and compliance procedures.

# B.2 Message Reason Codes for Interregional Transactions

The following message reason codes are applicable to interregional POS, e-commerce, PIN-based in-branch, ATM, and Maestro *PayPass* transactions unless otherwise indicated under the message reason code.

| Chargeback Reason | Europe Members use Reason Code | Members outside Europe use Reason Code | PIN-based? | Signature? |
|---|---|---|---|---|
| Cardholder Denies Transaction Finalized **(POS and e-commerce transactions only)** | 4515 | 77 | Yes | Yes |
| Documentation Not Received on Retrieval Request **(POS transactions only)** [1] | 4801 | 76 | Yes | Yes |
| Documentation Not Legible on Retrieval Request **(POS transactions only)** [1] | 4802 | 78 | Yes | Yes |
| Disputed Amount **(POS and e-commerce transactions only)** | 4831 | 71 | Yes | Yes |
| Duplicate Transaction | 4834 | 73 | Yes | Yes |
| Missing or Illegible Signature **(POS transactions only)** | 4837 | 74 | N/A | Yes |
| Credit Posted as Debit **(POS and e-commerce transactions only)** | 4850 | 72 | Yes | Yes |
| Goods or Services Not Delivered **(e-commerce only)** | 4855 | 79 | Yes | N/A |
| Cardholder Dispute **(ATM transactions only)** | 4859 | 17 | Yes | N/A |
| Credit Not Received **(POS and e-commerce transactions only)** | 4860 | 75 | Yes | Yes |
| Chip Liability Shift **(POS Transactions Only)** | 4870 | | | |
| Chip Transaction—Late Presentment **(POS Transactions Only)** | 4880 | 80 | Yes | No |

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1. This chargeback is not currently supported in the MasterCard Debit Switch (MDS).

In addition to the above chargeback reasons, the following chargeback reason codes may be used by MasterCard to automatically chargeback interregional transactions.

| Chargeback Reason | Reason Code | PIN-based? | Signature? |
|---|---|---|---|
| Multiple Processing | 4804 | Yes | Yes |
| Transaction not reconciled | 4809 | Yes | Yes |
| Stale Transaction | 4811 | Yes | Yes |

## B.2.1 Interregional Message Reason Code 4515—Cardholder Denies Transaction Finalized

The following sections describe the proper and improper use of message reason code 4802.

### B.2.1.1 Proper Use of Interregional Message Reason Code 4515

This message reason code is used for **only** the following transactions:

- e-Commerce
- Maestro *PayPass*®
- Point of Sale (POS)

### B.2.1.2 Proper Use for Issuer's First Chargeback

A cardholder's account is incorrectly debited for an incomplete POS or e-commerce transaction, and an alternative form of payment was used to complete the transaction, (for example, cash, check, and so forth).

### B.2.1.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4515.

**Table B.1—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied |
| **Second Presentment Condition** | The transaction was not cancelled. |
| **Supporting Documents** | Documentation to show that the transaction occurred and was not cancelled |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.2 Interregional Message Reason Code 4801—Documentation Not Received on Retrieval Request

The following sections describe the proper and improper use of message reason code 4801.

### B.2.2.1 Proper Use of Interregional Message Reason Code 4801

This message reason code is used for only **POS Transactions**.

### B.2.2.2 Improper Use of Interregional Message Reason Code 4801

This message reason code is not currently supported in the MasterCard Debit Switch (MDS).

Message reason code 4801 is not applicable for properly presented Maestro *PayPass* transactions.

## B.2.3 Interregional Message Reason Code 4802—Documentation Not Legible on Retrieval Request

The following sections describe the proper and improper use of message reason code 4802.

### B.2.3.1 Proper Use of Interregional Message Reason Code 4802

This message reason code is used for only **POS Transactions**.

### B.2.3.2 Improper Use of Interregional Message Reason Code 4802

This message reason code is not currently supported in the MasterCard Debit Switch (MDS).

Message reason code 4802 is not applicable for properly presented Maestro *PayPass* transactions.

## B.2.4 Interregional Message Reason Code 4804—Transaction Multiple Processing

The following sections describe the proper and improper use of message reason code 4804.

### B.2.4.1 Proper Use of Interregional Message Reason Code 4804

MasterCard uses this reason code to automatically charge back any interregional transaction between a Europe acquirer and a non-Europe issuer if a previous presentment had already been matched to the pending file.

### B.2.4.2 Improper Use for Acquirer's Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

## B.2.5 Interregional Message Reason Code 4809—Transaction Not Reconciled

The following sections describe the proper and improper use of message reason code 4809.

### B.2.5.1 Proper Use of Interregional Message Reason Code 4809

MasterCard uses this reason code to automatically charge back any interregional transaction between a Europe acquirer and a non-Europe issuer in the following situation:

MasterCard was unable to reconcile the clearing presentment with the authorization details of a transaction, because of a discrepancy between the authorization request and the clearing presentment.

### B.2.5.2 Improper Use for Acquirer's Second Presentment

Second presentments are not permitted. The acquirer may rectify the transaction details and submit a correct new first presentment.

## B.2.6 Interregional Message Reason Code 4811—Stale Transaction

The following sections describe the proper and improper use of message reason code 4809.

### B.2.6.1 Proper Use of Interregional Message Reason Code 4811

MasterCard uses this reason code to automatically charge back any interregional transaction between a Europe acquirer and a non-Europe issuer presented more than 120 calendar days after the transaction date.

### B.2.6.2 Improper Use of Acquirer's Second Presentment

Second presentments are not permitted.

## B.2.7 Interregional Message Reason Code 4831—Disputed Amount

The following sections describe the proper and improper use of message reason code 4831.

### B.2.7.1 Proper Use of Interregional Message Reason Code 4831

This message reason code is used for **only** the following transactions:

- e-Commerce
- Maestro *PayPass*®
- Point of Sale (POS)

Issuer's may use this message reason code when cardholder's account has been debited for an amount that is higher than the original purchase amount.

### B.2.7.2 Proper Use for Issuer's First Chargeback

The issuer may chargeback only the amount of the disputed difference.

### B.2.7.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4831.

**Table B.2—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> Chargeback remedied |
| **Second Presentment Condition** | The transaction was correctly processed. |
| **Supporting Documents** | Documentation proving that the transaction was correctly processed |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.8 Interregional Message Reason Code 4834—Duplicate Transaction

The following sections describe the proper and improper use of message reason code 4834.

### B.2.8.1 Proper Use of Interregional Message Reason Code 4834

A cardholder's account has been debited more than once for a single transaction.

To demonstrate that the transaction is a duplicate, the POS terminal or ATM sequence number, transaction amount, and the date and time of the transaction must be the same for the transactions in question.

### B.2.8.2 Proper Use for Issuer's First Chargeback

For duplicated interregional transactions, the issuer must charge back both transactions.

### B.2.8.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4834.

**Table B.3—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> Chargeback remedied |
| **Second Presentment Condition** | The acquirer can show that two separate transactions occurred. |
| **Supporting Documents** | Documentation supporting two separate transactions or proof that a credit was issued |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.9 Interregional Message Reason Code 4837—Missing or Illegible Signature or No Cardholder Authorization

The following sections describe the proper and improper use of message reason code 4837.

### B.2.9.1 Proper Use of Interregional Message Reason Code 4837

This message reason code is applicable to:

- **Missing or Illegible Signature** applies **only** to Point of Sale (POS) transactions and Maestro *PayPass* transactions.

  Signature-based POS transactions, of which the cardholder's physical (not electronic) signature either is missing or illegible on the paper sales receipt.

  The cardholder states that he or she did not participate in or authorize the signature-based transaction in question.

  Issuers may charge back all fraudulent Maestro *PayPass* transactions that exceed applicable transaction amount ceiling limits.

- **No Cardholder Authorization** applies **only** to e-Commerce.

  The issuer receives a cardholder letter alleging that the electronic commerce transaction was fraudulent and the issuer determines that the UCAF field (DE 48, subelement 43) of the disputed Transaction contained the Organization-assigned static AAV.

### B.2.9.2 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4837.

**Table B.4—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied |
| **Second Presentment Condition** | The acquirer can supply the signed transaction receipt. |
| **Supporting Documents** | The signed transaction receipt |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table B.5—Invalid Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713**<br>Invalid chargeback |
| **Second Presentment Condition** | The chargeback did not meet the requirements as stipulated under section B.2.9.1 Proper Use of Interregional Message Reason Code 4837. |
| **Supporting Documents** | Copy of the authorization record |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.10 Interregional Message Reason Code 4850—Credit Posted as Debit

The following sections describe the proper and improper use of message reason code 4850.

### B.2.10.1 Proper Use of Interregional Message Reason Code 4850

This message reason code applies **only** to the following transactions:

• e-Commerce

• Point of Sale (POS)

The cardholder's account is inaccurately debited instead of credited, because of an incorrect transaction code. For example, a credit was initiated by a merchant to refund the cardholder's account but was posted as a debit.

### B.2.10.2 Proper Use for Issuer's First Chargeback

This chargeback amount should be for twice the original transaction amount to offset the original error.

### B.2.10.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4850.

**Table B.6—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied |
| **Second Presentment Condition** | The acquirer can show that the transaction was correctly processed. |
| **Supporting Documents** | Documentation proving that the transaction was correctly processed |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.11 Interregional Message Reason Code 4855—Goods or Services Not Delivered

The following sections describe the proper and improper use of message reason code 4855.

### B.2.11.1 Proper Use of Interregional Message Reason Code 4855

This message reason code applies **only** to e-Commerce transactions.

The cardholder's account has been debited for an e-commerce transaction, but the merchant failed to deliver the goods or services.

### B.2.11.2 Improper use of Issuer's First Chargeback

This chargeback does not cover situations where the goods or services delivered by the merchant do not meet the customer's expectations.

### B.2.11.3 Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4855.

**Table B.7—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | 2700<br>Chargeback remedied |
| **Second Presentment Condition** | The acquirer can show that goods or services were delivered. |
| **Supporting Documents** | Documentation showing that goods or services were delivered |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.12 Interregional Message Reason Code 4859—Cardholder Dispute

The following sections describe the proper and improper use of message reason code 4859.

### B.2.12.1 Proper Use of Interregional Message Reason Code 4859

This message reason code applies **only** to ATM transactions.

The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.

### B.2.12.2 Proper Use for Issuer's First Chargeback

The issuer must populate DE 72 (Data Record) with RS 3.

### B.2.12.3 Proper use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4859.

**Table B.8—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can provide documentation verifying the disbursement of funds to the cardholder. |
| **Supporting Documents** | A legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The ATM audit tape or the transaction report must show any terminal activity that occurred immediately before and after the disputed transaction.<br><br>The internal transaction report from the acquirer is to be used only when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system.<br><br>A transaction report must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions.<br><br>At minimum, the audit tape or transaction report must include:<br><br>• Primary Account Number read from track 2 of the magnetic stripe or from the chip (DE 2)<br>• Transaction type and account accessed (DE 3)<br>• Transaction amount in local currency (DE 4)<br>• Transaction trace or System Trace Audit Number (DE 11)<br>• Transaction date and time (DE 12)<br>• Terminal ID (DE 41)<br>• Terminal status (only required in case of partial or no dispense)<br>• Error report (only required in case of partial or no dispense). The documentation may also show:<br>   – Terminal's response to the last command received from the Interchange System<br>   – Retract indicator<br>   – Bill counts for each canister<br><br>If bill counts are present in the documentation, the acquirer must state the denomination of the bills that were dispensed from each canister. |
| **DE 72 (Data Record)** | None |
| **Notes** | The Data Elements (DE) referred to above should contain the same information that would be included in the 0100/Authorization Request and 1240/First Presentment messages. If provided in a different format from the Banknet network or IPM, a key would be required to explain each field. Reasonable evidence of a successful disbursement of funds must be provided in the documentation supplied. |

## B.2.13 Interregional Message Reason Code 4860—Credit Not Received

The following sections describe the proper and improper use of message reason code 4860.

### B.2.13.1 Proper Use of Interregional Message Reason Code 4860

This message reason code applied **only** to Point of Sale (POS) and e-Commerce transactions.

The cardholder's account is not credited for a refund from a merchant.

### B.2.13.2 Proper Use for Issuer's First Chargeback

This chargeback should be for the full amount of the refund.

### B.2.13.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4860.

**Table B.9—Credit Issued**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011**<br>Credit issued |
| **Second Presentment Condition** | The acquirer can show that a credit was processed. |
| **Supporting Documents** | Documentation showing the date the credit was processed to the cardholder's account, and the reference number of that transaction |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

## B.2.14 Interregional Message Reason Code 4870—Chip Liability Shift

The following section describes the proper use of message reason code 4870.

### B.2.14.1 Proper Use of Interregional Message Reason Code 4870

The Global Chip Liability Shift Program allows participating members to charge back fraudulent magnetic stripe transactions resulting from counterfeit fraud.

This message reason code applies to ATM and POS transactions in which one member is located in the Europe region and the other member is located in a participating country or territory in another region.

| In this region... | The following countries and territories participate... | Effective for ATM transactions dated on or after... | Effective for POS Transactions Dated on or After: |
|---|---|---|---|
| Asia/Pacific region | All | | 15 April 2011 |
| Canada region | All | 15 April 2011 | 31 December 2015 |
| Latin America and the Caribbean region | Brazil, Colombia, Venezuela | 12 October 2012 | 15 April 2011 |
| | Mexico | 1 September 2014 | 1 August 2011 |
| | All others | 12 October 2012 | 12 October 2012 |
| South Asia/Middle East/Africa region | South Africa | 1 June 2010 | |
| | Bahrain, Kuwait, Mauritius, Morocco, Qatar, Tunisia, and the United Arab Emirates | 15 October 2010 | |
| | All others except Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka | 15 April 2011 | |
| | All | | 15 April 2011 |

## Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4870.

**Table B.10—Invalid Chargeback**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2011**<br>Invalid Chargeback |
| **Second Presentment Condition** | The acquirer can show that the liability shift does not apply as:<br>a.  The terminal was a hybrid terminal<br>b.  The transaction was not reported to SAFE on or before the Central Site Business Date of the chargeback, or<br>c.  The transaction was authorized online and did not involve a hybrid card, that is the first value in the service code (DE 35) was not 2 or 6 |
| **Supporting Documents** | Documentation showing how the chargeback was invalid |
| **DE 72 (Data Record)** | None |
| **Notes** | The issuer must always provide supporting documentation when second presenting interregional transactions. It is not sufficient to enter a message in DE 72. |

## B.2.15 Interregional Message Reason Code 4880—Late Presentment

The following sections describe the proper and improper use of message reason code 4880.

### B.2.15.1 Proper Use of Interregional Message Reason Code 4880

This message reason code applies **only** to chip-read and PIN-based POS transactions.

An issuer may use reason code 4880 if the transaction is submitted into clearing more than seven calendar days after the transaction date and:

• The cardholder's account is closed.

• The cardholder's account does not contain sufficient funds to cover the transaction amount.

  Or

• The issuer receives a cardholder letter alleging that the transaction was the result of counterfeit fraud and that the cardholder was in possession of his or her card at the time of the transaction.

• In order to use message reason code 4880, an issuer must have used good-faith efforts to collect the transaction amount from the cardholder's account.

• An issuer will not be able to submit a chargeback under message reason code 4880 if the cardholder's account is in good standing.

### B.2.15.2 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4880.

**Table B.11—Correct Transaction Date Provided**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2003**<br>Correct transaction date provided |
| **Second Presentment Condition** | The acquirer shows that the transaction was presented within the proper time frame. |
| **Supporting Documents** | Documentation proving that the transaction was presented within the seven calendar day time limit. |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

# B.3 Message Reason Codes for Intra-European Transactions

The following message reason codes are applicable to intra-European POS, e-commerce, PIN-based in-branch, ATM, and Maestro *PayPass* transactions unless otherwise indicated under the message reason code.

They apply to any type of Maestro transactions, such as Magnetic stripe or chip read transactions and Signature, PIN, or non-PIN based transactions, unless otherwise indicated under the message reason code.

| Chargeback Message Reason Codes | | Documentation Required | Retrieval Request Required | Time Frame | Section No. |
|---|---|---|---|---|---|
| 4515 | Transaction Not Finalized | No | No | 120 days | B.3.1 |
| 4801 | Non-Fulfillment of Request for Information | No | Yes | 120 days | B.3.2 |
| 4802 | Non-Fulfillment of Request: Illegible Copy | No | Yes | 120 days | B.3.3 |
| 4808 | Transaction Not Authorized | No | No | 120 days | B.3.4 |
| 4831 | Incorrect Transaction Amount | Yes | No | 120 days | B.3.5 |
| 4834 | Duplicate Processing of Transaction | No | No | 120 days | B.3.6 |

| Chargeback Message Reason Codes | | Documentation Required | Retrieval Request Required | Time Frame | Section No. |
|---|---|---|---|---|---|
| 4837 | No Cardholder Authorization | Yes | No | 120 days | B.3.7 |
| 4846 | Currency Errors | Sometimes | No | 120 days | B.3.8 |
| 4850 | Credit Submitted as a Debit | No | No | 120 days | B.3.9 |
| 4855 | Goods or Services not Delivered | No | No | 120 days | B.3.10 |
| 4859 | Services not Rendered | No | No | 120 days | B.3.11 |
| 4860 | Credit not Received | No | No | 120 days | B.3.12 |
| 4870 | Chip Liability Shift | No | No | 120 days | B.3.13 |
| 4880 | Late Presentment | No | No | 120 days | B.3.14 |

## B.3.1 Intra-European Message Reason Code 4515—Transaction Not Finalized

The following sections describe the proper use of message reason code 4515.

### B.3.1.1 Proper Use of Intra-European Message Reason Code 4515

This message reason code applies only to POS, e-commerce, and Maestro *PayPass* transactions only.

The issuer receives a reversal message relating to a transaction to which it had given a positive authorization response. However, in the clearing file, a normal transaction is shown for the original authorized amount but no reversal is received in the clearing file. The error may be determined by the issuer or by the cardholder, stating that the transaction never took place or was cancelled.

### B.3.1.2 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4815.

**Table B.12—Chargeback Remedied**

| | |
|---|---|
| **IPM  Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied |
| **Second Presentment Condition** | The acquirer shows that the transaction took place and was not cancelled. |
| **Supporting Documents** | Evidence to indicate that the transaction took place and was not cancelled. |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

## B.3.2 Intra-European Message Reason Code 4801—Non-Fulfillment of Request for Information

The following sections describe the proper use of message reason code 4801.

### B.3.2.1 Proper Use of Intra-European Message Reason Code 4801

This message reason code is applicable **only** for signature-based POS transactions, for e-commerce transactions, and for Chip/PIN transactions where the transaction certificate and related data were not provided in DE 55 of the First Presentment/1240 message.

The issuer may use this message reason code only when there is a justifiable reason for the cardholder not to pay the charge or if the issuer will incur a financial loss because the acquirer did not provide the requested item.

### B.3.2.2 Proper Use for Issuer's First Chargeback

If the issuer initiated a retrieval request for details of a transaction disputed by the cardholder within 120 calendar days of the presentment processing date, and the requested information is not provided by the acquirer within 45 calendar days after the processing date of the retrieval request, the issuer has the right to chargeback the transaction. The issuer must send the chargeback within 10 calendar days after expiry of the retrieval request fulfillment period.

### B.3.2.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4801.

**Table B.13—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied |
| **Second Presentment Condition** | The acquirer provides the requested documentation. |
| **Supporting Documents** | A copy of the request documentation. |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

### B.3.2.4 New Chargeback

If the issuer, on examination of the requested documentation for the first time, discovers a new chargeback reason code, a new first chargeback can be processed within 45 days of the second presentment processing date.

## B.3.3 Intra-European Message Reason Code 4802—Non-Fulfillment of Request: Illegible Copy

The following sections describe the proper use of message reason code 4802.

### B.3.3.1 Proper Use of Intra-European Message Reason Code 4802

This message reason code is applicable only for signature-based POS, e-commerce transactions, and Chip/PIN transactions where the transaction certificate and related data were not provided in DE 55 of the First Presentment/1240 message.

The issuer may use message reason code 4802 only when there is a justifiable reason for the cardholder not to pay the charge, or if the issuer will incur a financial loss because the acquirer did not provide a legible copy of the requested item.

### B.3.3.2 Proper Use for Issuer's First Chargeback

The cardholder disputed the transaction and the item provided via MasterCom by the acquirer was not legible or did not contain all the required information. The issuer rejected the item to Image Review within 10 calendar days of the date that the item was received, and the issuer was favored by the Image Review decision.

### B.3.3.3 Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4802.

**Table B.14—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> Chargeback remedied |
| **Second Presentment Condition** | The acquirer provides documentation that is legible or complete, or both. |
| **Supporting Documents** | A legible and complete copy of the requested item. |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

### B.3.3.4 New Chargeback

If the issuer, on examination of the requested documentation for the first time, discover a new chargeback reason code, a new first chargeback can be processed within 45 days of receipt of the second presentment processing date.

## B.3.4 Intra-European Message Reason Code 4808—Transaction Not Authorized

The following sections describe the proper and improper use of message reason code 4808.

### B.3.4.1 Proper Use of Intra-European Message Reason Code 4808

The issuer receives a complaint from the cardholder or determines that a transaction presented has not been properly authorized.

The issuer or his agent has:

- Never received an authorization request, or
- Declined the authorization request, or
- The processed amount is higher than the authorized amount.

### B.3.4.2 Improper Use of Intra-European Message Reason Code 4808

The issuer may not use this message reason code for POS chip transactions that were below the applicable floor limit and authorized by the chip.

### B.3.4.3 Proper Use for Issuer's First Chargeback

The full amount should be charged back, except when the processed amount is higher than the authorized amount. In this case the difference between both amounts may be charged back.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | STATUS CODE |
| **Notes** | One of the following conditions of the account must be given in DE 72: <br> • **C**—Credit Problem <br> • **F**—Other Fraud, [for example, stolen or never received] <br> • **O**—Account Closed <br> • **X**—Counterfeit |

### B.3.4.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4808.

**Table B.15—Transaction Authorized**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008**<br>Transaction authorized |
| **Second Presentment Condition** | The acquirer can substantiate that the transaction was either approved:<br>a.  Online by the issuer<br>b.  Offline by the chip |
| **Supporting Documents** | a.  None<br>b.  DE 55 (Integrated Circuit Card [ICC] System-Related Data) if it was not previously provided in the first presentment |
| **DE 72 (Data Record)** | a.  TRANS AUTH MMDDYY NNNNNN<br>b.  CHIP TRANSACTION |
| **Notes** | None |

**Table B.16—Invalid Data Record**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2704**<br>Invalid Data Record |
| **Second Presentment Condition** | The chargeback is invalid because the issuer failed to provide the status code in DE 72 (Data Record). |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |

NOTE

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

## B.3.5 Intra-European Message Reason Code 4831—Incorrect Transaction Amount

The following sections describe the proper use of message reason code 4831.

### B.3.5.1 Proper Use of Intra-European Message Reason Code 4831

This message reason code applies **only** to POS and e-commerce transactions.

The cardholder's account has been debited for an amount that is higher than the original purchase amount.

Unreasonable Amount (Intra-European Economic Area [EEA] transactions only). Effective for transactions occurring on or after 16 April 2010, issuers in EEA countries may use this message reason code if the cardholder alleges that the amount of an authorized transaction for the purchase of goods or services was unreasonable, and all of the following conditions are met:

- The exact transaction amount was not specified at the time the cardholder engaged in the transaction, and

- The transaction amount exceeded what the cardholder could reasonably have expected, taking into account the cardholder's previous spending pattern, the conditions of the cardholder agreement and the relevant circumstances of the case.

The chargeback must be accompanied by a cardholder letter identifying the disputed transaction and describing the circumstances of the dispute.

### B.3.5.2 Proper Use for Issuer's First Chargeback

Except for disputes of unreasonable amounts, the issuer may charge back only the disputed difference. For unreasonable amount disputes, the issuer may charge back the full amount of the transaction.

A copy of the cardholder's transaction receipt or similar evidence and a copy of the cardholder's written complaint must be provided as support documentation.

For unreasonable amount disputes, the issuer must provide a cardholder letter and indicate UNREASONABLE AMOUNT in DE 72 (Data Record).

### B.3.5.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4831.

**Table B.17—Chargeback Remedied**

| IPM Second Presentment Message Reason Code | 2700 |
|---|---|
| | Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can show that the transaction was correctly processed. |
| | For unreasonable amount disputes, the card acceptor can show that the cardholder agreed to an amount range as reasonable, and the transaction amount did not exceed this amount range. |

| | |
|---|---|
| **Supporting Documents** | Evidence that the transaction was correctly processed. |
| | For unreasonable amount disputes, documentation showing that the cardholder agreed to an amount range as reasonable and that the transaction did not exceed this amount range; for example, |
| | • An itemized price list signed by the cardholder, and an itemized transaction receipt showing the transaction amount was calculated on the basis of this price list; or |
| | • The cardholder's written agreement to a recurring payment arrangement with the card acceptor in which a maximum amount for each payment was specified. |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

## B.3.6 Intra-European Message Reason Code 4834—Duplicate Processing of Transaction

The following sections describe the proper use of message reason code 4834.

### B.3.6.1 Proper Use of Intra-European Message Reason Code 4834

The issuer or the cardholder determines that a transaction has been submitted in duplicate. A transaction is considered a duplication if the terminal ID, the transaction amount in the original currency, the date, and the time of the transaction are the same.

### B.3.6.2 Proper Use for Issuer's First Chargeback

The condition shown below represent a valid option that the issuer may choose to process a first chargeback for message reason code 4834.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | FIRST ARD NNNNNNNNNNNNNNNNNNNNNNNN |
| **Notes** | Issuer must provide the Acquirer Reference Data (ARD) of the first transaction in DE 72. |

### B.3.6.3 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4834.

**Table B.18—Transaction Authorized**

| IPM Second Presentment Message Reason Code | **2008** Transaction authorized |
| --- | --- |
| Second Presentment Condition | The acquirer can substantiate that both transactions are valid and were authorized by PIN. The authorization date and code of both transactions must be entered in DE 72 (Data Record). |
| Supporting Documents | None |
| DE 72 (Data Record) | PIN MMDDYY NNNNNN, MMDDYY NNNNNN |
| Notes | None |

**Table B.19—Credit Previously Issued**

| IPM Second Presentment Message Reason Code | **2011** Credit previously issued |
| --- | --- |
| Second Presentment Condition | The acquirer can show that a credit was issued. The central site processing date of the credit or reversal must be provided. |
| Supporting Documents | None |
| DE 72 (Data Record) | Credit MMDDYY (and optionally the ARD (Acquirer Reference Data) |
| Notes | None |

**Table B.20—Chargeback Remedied**

| IPM Second Presentment Message Reason Code | **2700** Chargeback remedied |
| --- | --- |
| Second Presentment Condition | The acquirer provides two separate TIDs indicating two valid transactions. |
| Supporting Documents | Two separate TIDs indicating two valid transactions. |
| DE 72 (Data Record) | None |
| Notes | None |

**Table B.21—Invalid Data Record**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2704**<br>Invalid Data Record |
| **Second Presentment Condition** | The chargeback is invalid because the issuer failed to provide the original ARD in DE 72 (Data Record). |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |

NOTE⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

## B.3.7 Intra-European Message Reason Code 4837—No Cardholder Authorization

The following sections describe the proper use of message reason code 4837.

### B.3.7.1 Proper Use of Intra-European Message Reason Code 4837

This message reason code applies **only** to non–PIN-based POS transactions, Maestro *PayPass* transactions that exceed the transaction amount ceiling limit, and e-commerce transactions for which the UCAF field (DE 48, subelement 43) of the disputed transaction contains the organization-assigned static AAV.

The issuer receives a cardholder dispute letter, stating that the cardholder has neither participated in nor authorized a transaction. Issuers may charge back all fraudulent intra-European transactions completed using signature as the CVM at magnetic stripe reading-only POS Terminals, and fraudulent Maestro *PayPass* transactions that exceed the applicable transaction amount ceiling limit.

### B.3.7.2 Improper Use of Intra-European Message Reason Code 4837

This chargeback may not be used when the transaction was completed at an EMV terminal which was properly identified in the authorization and the clearing record.

### B.3.7.3 Proper use for Issuer's First Chargeback

The issuer must supply the cardholder letter as supporting documentation. All fraudulent transactions must be reported to SAFE as outlined in section 6.10 of the *Maestro Global Rules*.

### B.3.7.4 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4837.

**Table B.22—Transaction Authorized**

| IPM Second Presentment Message Reason Code | **2008**<br>Transaction authorized |
|---|---|
| **Second Presentment Condition** | The acquirer can substantiate that the transaction was verified by PIN and approved either:<br>a.  Online by the issuer<br>b.  Offline by the chip |
| **Supporting Documents** | a.  None<br>b.  DE 55 (Integrated Circuit Card [ICC] System-Related Data) if it was not previously provided in the first presentment |
| **DE 72 (Data Record)** | a.  PIN MMDDYY NNNNNN<br>b.  CHIP TRANSACTION |
| **Notes** | None |

**Table B.23—Chargeback Remedied**

| IPM Second Presentment Message Reason Code | **2700**<br>Chargeback remedied |
|---|---|
| **Second Presentment Condition** | The authorization record and the clearing record identified the POS terminal as being hybrid. In addition, the acquirer must provide the signed TID. |
| **Supporting Documents** | A copy of the signed TID |
| **DE 72 (Data Record)** | Hybrid POI MMDDYY NNNNNN |
| **Notes** | None |

**Table B.24—Invalid Chargeback**

| IPM Second Presentment Message Reason Code | **2713** <br> Invalid Chargeback |
|---|---|
| **Second Presentment Condition** | The chargeback did not meet the requirements as stipulated under section B.3.7. <br><br> Intra-European Message Reason Code 4837—No Cardholder Authorization |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

### B.3.7.5 Improper Use For Acquirer's Second Presentment

Second presentments are not permitted for non–PIN-based fraudulent transactions at terminals capable only of reading the magnetic stripe. In this situation the acquirer is held responsible even though a waiver may have been granted.

### Additional Rules Applicable to Intracountry Transactions in UK, Ireland, and France

The following section contains additional rules applicable to Intracountry Transactions in the UK, Ireland, and France.

#### Proper Use of Message Reason Code 4837

This message reason code may be used for MO/TO Transactions.

#### Improper Use of Message Reason Code 4837

An issuer may not raise a chargeback under this message reason code for MO/TO Transaction where it has been provided in an authorization request with the CVC 2 on the Card, and additionally in the UK, data and

- The issuer fails to perform a check on the CVC2, and additionally in the UK, the AVS data; or

- The CVC 2 does not match the CVC 2 held by the issuer.

**Proper Use for Acquirer's Second Presentment**

The acquirer may process a second presentment following the chargeback of a MO/TO Transaction by providing one of the following

1.  A cardholder authority or receipt that, in either case, bears the cardholder's signature and shows correct details of the transaction, including correct details of the cardholder's card; or

2.  A cardholder authority that bears a copy of the cardholder's signature (such as a facsimile document); or

3.  An invoice quoting the Cardholder's name; or

4.  A delivery receipt signed by the Cardholder and quoting a billing address; or

5.  A document indicating a different merchant name than that shown in the clearing record; or

6.  Proof that the delivery address contained the same numerics as those with which the Issuer had been provided but only where a "full match" response to the AVS check was given (UK only); or

7.  For airline tickets purchases, a copy of the boarding pass showing the cardholder's name; or

8.  Details of a long-standing account/customer relationship between the merchant and the cardholder (for example, account opening information); or

9.  If proof of death or incapacitation on the day a transaction was performed is provided by the Issuer, evidence that the transaction took place earlier than death or incapacitation.

**Arbitration Case Filing**

The Issuer may continue the dispute providing a progressive cardholder letter refuting the documentation received from the card acceptor in the second presentment.

Before filing for arbitration the Issuer must process a member mediation (pre-arbitration) granting the filed against member 30 days to respond.

After the 30 days have elapsed or the acquirer has rejected the pre-arbitration attempt, the issuer may escalate the case to arbitration within 75 days of the second presentment. All cases, including member mediations must be filed in MasterCom Case Filing or via the case filing hub site.

## B.3.8 Intra-European Message Reason Code 4846—Currency Errors

The following sections describe the proper and improper use of message reason code 4846.

### B.3.8.1 Proper Use of Intra-European Message Reason Code 4846

This message reason code applies **only** to POS, e-commerce, and Maestro *PayPass* transactions.

### B.3.8.2 Proper Use for Issuer's First Chargeback

An incorrect amount is deducted from the cardholder's account in the following circumstances:

- The acquirer did not provide the correct transaction currency code (DE 49) for the currency in which the transaction was completed.
- The transaction amount is provided in a different currency for information purposes, and this currency is incorrectly processed as the transaction currency.
- POI currency conversion disputes. A cardholder states in writing that he or she was not given the opportunity to choose the desired currency in which the transaction was completed or did not agree to the currency of the transaction.

No documentation is required to support this chargeback, with the exception of disputes involving POI currency conversion. For disputes involving POI currency conversion, a cardholder letter and, if available, a copy of the transaction receipt must accompany the chargeback.

This chargeback must be for the full amount of the transaction.

### B.3.8.3 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4846.

For POI currency conversion disputes where the cardholder states that they were not given the opportunity to choose the desired currency in which the transaction was completed or did not agree to the currency of the transaction, the acquirer should resubmit the transaction in the merchant's local currency if the chargeback is valid.

**Table B.25—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** <br> Chargeback remedied |
| **Second Presentment Condition** | The acquirer can show that the transaction was processed properly. |
| **Supporting Documents** | Documentation showing that the transaction was processed in the proper currency or that the currency conversion was correct (not available for POI currency conversion disputes). |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

### B.3.8.4 Improper Use for Acquirer's Second Presentment

The acquirer is prohibited from using the second presentment to argue the validity of the cardholder's claim regarding the selection of or non-agreement to the currency.

### B.3.8.5 Proper Use for New Presentments

If the issuers chargeback is correct, the acquirer may resubmit the transaction in the proper settlement currency and process this new presentment within applicable time frames.

Chargebacks including but not limited to "Late Presentment" may be applicable to the new presentment. The presentment must be processed with seven days of the Central Site Business Date of the first chargeback for the acquirer to be protected from a chargeback under reason code 4880 (Intra-European Late Presentment).

### B.3.8.6 Resolving Chargebacks Relating to POI Currency Conversion

The contents of the transaction receipt are considered only in determining whether POI currency conversion has occurred on a transaction. They neither prove nor disprove the cardholder's agreement to the conversion.

If the chargeback is valid, the acquirer should process the transaction as a First Presentment/1240 message in the merchant's local currency. The new presentment must be processed within seven days of the Central Site Business Date of the first chargeback for the acquirer to be protected from a chargeback under message reason code 4880—Intra-European Late Presentment.

When converting the new transaction presented in the merchants local currency to the cardholder's billing currency, the issuer should apply the conversion rate that was in effect on the date of the original transaction.

## B.3.9 Intra-European Message Reason Code 4850—Credit Submitted as a Debit

The following sections describe the proper use of message reason code 4850.

### B.3.9.1 Proper Use for Intra-European Message Reason Code 4850

This message reason code applies **only** to POS and e-commerce transactions.

The cardholder determines that his other account was inaccurately posted because of an incorrect transaction code. (For example, a credit was initiated by a merchant but posted in the clearing file as a debit.)

### B.3.9.2 Proper Use for Issuer's Chargeback

This chargeback must be for twice the amount of the original transaction.

### B.3.9.3 Proper use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4850.

**Table B.26—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback remedied |
| **Second Presentment Condition** | The acquirer can justify the transaction. |
| **Supporting Documents** | A copy of a TID justifying the transaction. |
| **DE 72 (Data Record)** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

## B.3.10 Intra-European Message Reason Code 4855—Goods or Services Not Delivered

The following sections describe the proper and improper use of message reason code 4855.

### B.3.10.1 Proper Use of Intra-European Message Reason Code 4855

This message reason code applies **only** to e-commerce transactions.

The cardholder's account has been debited for an e-commerce transaction, but the merchant failed to deliver the goods or services.

### B.3.10.2 Improper Use for Issuer's First Chargeback

This chargeback does not cover situations where the goods or services delivered by the merchant do not meet the customer's expectations.

### B.3.10.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4855.

**Table B.27—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700** Chargeback remedied |
| **Second Presentment Condition** | The acquirer can show that the delivery was made. |
| **Supporting Documents** | Documentation showing that goods were delivered. |
| **DE 72 (Data Record)** | None |

**NOTE**

Other second presentment message codes may apply. Refer to section **B.1.6 Second Presentment Procedures** for details.

## B.3.11 Intra-European Message Reason Code 4859—Services Not Rendered

The following sections describe the proper use of message reason code 4859.

### B.3.11.1 Proper Use of Intra-European Message Reason Code 4859

This message reason code applies only to ATM transactions.

The issuer receives a written cardholder complaint advising that the cardholder did not receive, or received only in part, funds charged to his or her account as a result of an automated cash disbursement.

### B.3.11.2 Proper Use for Issuer's First Chargeback

The condition shown below represent a valid option that the issuer may choose to process a first chargeback for message reason code 4859.

| | |
|---|---|
| **Time Frame** | 120 days |
| **Retrieval Request** | No |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | RS3 |
| **Notes** | None |

### B.3.11.3 Proper use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4859.

**Table B.28—Chargeback Remedied**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2700**<br>Chargeback Remedied |
| **Second Presentment Condition** | The acquirer can provide documentation verifying the disbursement of funds to the cardholder. |
| **Supporting Documents** | A legible copy of either the ATM audit tape or an internal transaction report from the acquirer. The ATM audit tape or the transaction report must show any terminal activity that occurred immediately before and after the disputed transaction.<br><br>The internal transaction report from the acquirer is to be used only when the ATM did not produce an audit tape. Data on the transaction report must come from the ATM journal and not from the clearing system.<br><br>Documentation must contain sufficient information to enable the issuer to determine the amount of funds that were disbursed by the ATM. If required for clarity, the transaction report must be accompanied by a key that shows the different elements of the report and their definitions.<br><br>At minimum, the audit tape or transaction report must include:<br>• Primary Account Number read from track 2 of the magnetic stripe or from the chip (DE 2)<br>• Transaction type and account accessed (DE 3)<br>• Transaction amount in local currency (DE 4)<br>• Transaction trace or System Trace Audit Number (DE 11)<br>• Transaction date and time (DE 12)<br>• Terminal ID (DE 41)<br>• Terminal status (only required in case of partial or no dispense)<br>• Error report (only required in case of partial or no dispense). The documentation may also show:<br>  – Terminal's response to the last command received from the Interchange System<br>  – Retract indicator<br>  – Bill counts for each canister<br><br>If bill counts are present in the documentation, the acquirer must state the denomination of the bills that were dispensed from each canister. |
| **DE 72 (Data Record)** | None |
| **Notes** | The Data Elements (DE) referred to above should contain the same information that would be included in the 0100/Authorization Request and 1240/First Presentment messages. If provided in a different format from the Banknet network or IPM, a key would be required to explain each field. Reasonable evidence of a successful disbursement of funds must be provided in the documentation supplied. |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

# B.3.12 Intra-European Message Reason Code 4860—Credit Not Received

The following sections describe the proper use of message reason code 4860.

### B.3.12.1 Proper Use of Intra-European Message Reason Code 4860

This message reason code applies **only** to POS and e-commerce transactions.

The cardholder states in writing that a credit advice was to be processed in favor of his or her account. The advice may be a credit receipt or some other advice issued by a merchant or its agent (such as, travel agent) indicating that the amount was to be credited to the cardholder's account.

### B.3.12.2 Proper Use for Issuer's First Chargeback

This chargeback may not be issued before 14 calendar days from the date of the credit receipt or other advice of credit from the merchant. Should no date be specified, the 14-day time frame shall be calculated from the presentment processing date.

A letter or other advice from the merchant instructing the cardholder to obtain the credit due via chargeback procedures is acceptable as an advice of credit and is eligible for immediate chargeback providing it includes or is accompanied by documentation indicating the amount of credit due.

No supporting documentation must be sent. It is sufficient that the issuer has the supporting documentation on file, including evidence that the original transaction was undertaken with a Maestro card.

### B.3.12.3 Proper Use for Acquirer's Second Presentment

The condition shown below represents a valid option that the acquirer may choose to process a second presentment for message reason code 4860.

**Table B.29—Credit Issued**

| IPM Second Presentment Message Reason Code | 2011<br>Credit issued |
|---|---|
| Second Presentment Condition | The issuer can show that a credit or a reversal was processed. |
| Supporting Documents | None |
| DE 72 (Data Record) | Credit MMDDYY (and, optionally, the Acquirer Reference Data [ARD]) |

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**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

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## B.3.13 Intra-European Message Reason Code 4870—Chip Liability Shift

The following sections describe the proper use of message reason code 4870.

### B.3.13.1 Proper Use for Intra-European Message Reason Code 4870

This message reason code applies **only** to POS, ATM, and PIN-based in-branch terminal transactions.

The issuer receives a cardholder letter alleging that the transaction was fraudulent, and the issuer must provide this letter if the dispute is escalated to an arbitration case.

The fraudulent transaction must be reported to SAFE on or before the date the chargeback is processed.

**NOTE**

**Technical Fallback—When a hybrid card is used at a hybrid terminal and fallback from chip to magnetic stripe occurs, the transaction must be properly identified with POS entry mode 80 (DE 22) and authorized online. The cardholder verification method (CVM) must be PIN, except if the transaction is acquired in a waiver country (refer to part 1, section 6.4.3 of the *Maestro Global Rules*) in which case signature is also a permitted CVM. If the transaction is not properly identified in the Authorization Request/0100 message and in the First Presentment/1240 message then the issuer may charge the item back under message reason code 4870.**

**Technical Fallback is not permitted for intra-European ATM transactions. The issuer may have a compliance right in case of counterfeit fraud. Refer to *Maestro Global Rules*, chapter 19, section 7.10.1 and 7.11.**

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### B.3.13.2 Proper Use for Issuer's First Chargeback

For **counterfeit fraud** all of the following additional requirements must be met:

- The transaction was conducted with a counterfeit card at a magnetic stripe reading-only terminal.
- The validly-issued card (if any) was a hybrid card.
- The cardholder letter must state that he or she was in possession of the card at the time of the transaction.

For **lost, stolen, or never received fraud** all of the following additional requirements must be met:

- The transaction was conducted at a magnetic stripe reading-only POS terminal deployed in a waiver country, using signature as CVM.
- The transaction was conducted with a hybrid card.

- The cardholder letter must state that the card was lost, stolen, or never received at the time of the transaction, or the issuer can otherwise certify by means of a different document accompanying the cardholder's letter that the card was lost, stolen, or never received at the time of the transaction.

### B.3.13.3 Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4870.

**Table B.30—Hybrid Terminal**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2713** <br> Invalid chargeback |
| **Second Presentment Condition** | a. The terminal was a hybrid terminal and the proper CVM was used <br> b. The transaction was not reported to SAFE on or before the chargeback date |
| **Supporting Documents** | a. Evidence that the terminal was properly identified in the authorization and clearing records as a hybrid terminal and the proper CVM was used. <br> b. None |
| **DE 72 (Data Record)** | None |
| **Notes** | None |

**Table B.31—Transaction Authorized**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2008** <br> Transaction authorized |
| **Second Presentment Condition** | The transaction was authorized online and did not involve a hybrid card. The first value in the service code (DE 35) was not 2 or 6 and therefore did not indicate a hybrid card. |
| **Supporting Documents** | None |
| **DE 72 (Data Record)** | INV SERVICE CODE |
| **Notes** | None |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

## B.3.14 Intra-European Message Reason Code 4880—Late Presentment

The following sections describe the proper use of message reason code 4880.

### B.3.14.1 Proper Use of Intra-European Message Reason Code 4880

An intra-European transaction is presented more than seven calendar days after the transaction date and the account is permanently closed.

### B.3.14.2 Improper Use for Issuer's First Chargeback

The issuer must use good-faith efforts to collect the transaction amount from the cardholder before exercising this chargeback right. The issuer cannot submit a chargeback for message reason code 4880 if the account is in good standing.

### B.3.14.3 Proper Use for Acquirer's Second Presentment

The conditions shown below represent valid options that the acquirer may choose to process a second presentment for message reason code 4880.

**Table B.32—Correct Transaction Date Provided**

| | |
|---|---|
| **IPM Second Presentment Message Reason Code** | **2003**<br>Correct Transaction date provided |
| **Second Presentment Condition** | The acquirer can substantiate that the transaction date was not more than seven calendar days before the Central Site processing date of the presentment. |
| **Supporting Documents** | For non-ATM transactions provide a transaction printout.<br>For offline chip transactions provide DE 55 and the mandatory subelements if they had not been previously contained in the First Presentment/1240 message. |
| **DE 72 (Data Record)** | Correct transaction date |

**NOTE**

**Other second presentment message codes may apply. Refer to section B.1.6 Second Presentment Procedures for details.**

# B.4 Arbitration and Compliance

## B.4.1 Overview

This section provides members with the arbitration and compliance processing procedures for both interregional and intra-European transactions.

## B.4.2 When to File an Arbitration Case

Arbitration proceedings can be initiated only if both the issuer and the acquirer have exhausted all their rights under the allowable processing cycles (presentment—chargeback—second presentment).

An issuer may proceed to arbitration when it believes the acquirer's second presentment is invalid.

In addition, **for interregional transactions**, either the issuer or the acquirer may proceed to arbitration if they dispute a decision, following the issuer's submission of a completed Representment Documentation Dispute (Form 564), concerning illegible documentation received with a second presentment. If the issuer fails to receive documentation within ten calender days, the issuer must complete the Representment Documentation Dispute (Form 564) within twenty days of the second presentment and fax it to the Debit Dispute Department. (Refer to section 11.6.3 "Disputing Support Documentation" of the *Maestro Global Rules* manual for further information).

**For all intra-European transactions**, only the issuer may initiate arbitration proceedings. The preliminary documentation dispute resolution process is not supported within Europe.

**For intra-European ATM transactions**, the issuer is permitted to file an arbitration case, if the required documentation from the acquirer is not received within ten calendar days of the central processing date of the second presentment.

Alternatively, the member must accept responsibility for the transaction.

## B.4.3 When to File a Compliance Case

A member may file a compliance case if all the following conditions are met:

- A member has violated any section of the Maestro Rules.
- The filing member has suffered a financial loss as a direct result of this rule violation.
- A chargeback right is not available to remedy the situation.

The filing member sent a pre-compliance letter to try to resolve the dispute. The filing member must allow the other member 30 calendar days to review the case and correct the situation.

### B.4.3.1 Example of a Compliance Case

The following section provides an example of a Compliance Case.

### B.4.3.1.1 Missing, Invalid, or Inaccurate Authorization Data

A member may file a compliance case when one or more of the mandatory data elements in the Authorization Request/0100 message are missing. Additionally, the member may file a case if any of the mandatory or optional data elements supplied in the authorization message are invalid or inaccurate, and as a result, the issuer incurred a financial loss.

The issuer must prove to the satisfaction of MasterCard, that it would not have suffered the financial loss, if the mandatory authorization data had been present, valid, and accurate, and that the filing was not based solely on the data being missing, invalid, or inaccurate.

The issuer must include, but not limited to, the following documentation:
* The authorization message in its entirety, as received.
* The specific authorization data asserted to be missing, invalid, or inaccurate.
* Documentation to confirm that the authorization data, as received, misrepresented the nature of the transaction.
* Proof that the missing, invalid, or inaccurate authorization data received resulted in the transaction being authorized, and why the transaction would not have been authorized if complete, valid, and accurate data had been received.
* A letter signed by the issuer's Principal Contact or auditor, certifying that proper authorization procedures were employed at the time the authorization request was received. The letter must also state that if the issuer had received the missing, invalid, or inaccurate data from the acquirer through the authorization message, the issuer would not have suffered a financial loss. If, at the time of the authorization request, the card used in the transaction was lost, stolen, or used without the genuine cardholder's consent, the issuer's Principal Contact or auditor must certify that the issuer was unaware of this condition at the time of the authorization request.

## B.4.4 Time Frames for Filing

**Arbitration Case**—An arbitration case must be submitted within 45 days from the Central Site Processing date of the second presentment.

**Compliance Case**—A compliance case must be filed within 180 days from the violation date. Please refer to section 5.1 Time Frames of this manual for more details.

## B.4.5 Documentation

The Arbitration Case form or the Compliance Case form, and any relevant supporting documentation, must be completed in English or must be accompanied by an English translation.

The forms must be signed by the Compliance Contact or Principal Contact of the filing member. Refer to Appendix D, Forms for instructions for accessing these forms.

## B.4.6 Filing Procedures

The filing member must fax the arbitration or compliance case to the Dispute Resolution Management Department at 1-636-722-7215 within the applicable time frames for resolution.

The filing form must be accompanied by a thorough description of the circumstances of the case, in chronological order. Legible copies of all relevant documentation, together with paper copies of electronic records, must be included.

**NOTE**

**A pre-compliance must be sent before filing a compliance case. See section B.4.3, When to File a Compliance Case above.**

### B.4.6.1 Filing a Case Using the Dispute Resolution Management Case Filing Hub Site (Intra-European only)

The filing member sends the arbitration or compliance case within the applicable time frames to the Dispute Resolution Management case filing hub site fax number indicated below, for resolution.

Dispute Resolution Management case filing hub site:

Fax: 1-636-722-7215

The filing form must be accompanied by a thorough description of the circumstances of the case, in chronological order. Legible copies of all relevant documentation must be included.

Unless specifically requested by MasterCard staff, the filing member is not required to provide supporting chargeback documentation previously sent during the chargeback cycles. The case filing application retains the supporting documentation exchanged during the chargeback cycle.

### B.4.6.2 Filing a Case Using the MasterCom Electronic Case Filing Application (Intra-European only)

Members must have access to the MasterCom system and the case filing application to file cases electronically. If not present electronically, legible copies of all relevant documentation, together with copies of electronic records, must be scanned into the case filing application.

## B.4.7 Arbitration and Compliance Fees

For interregional arbitration and compliance cases, the filing member may either:

• Attach a check for the filing fee

Or

• Authorize MasterCard Dispute Resolution Department to collect the fee.

The member found liable for the disputed transaction will be responsible for the filing fee and an administration fee.

Staff may assess applicable technical violation fees against either member involved in the arbitration or compliance case, even if the case was ruled in their favor.

For intra-European cases, please refer to section 4.5 Fees and Assessments of this guide.

## B.4.8 Arbitration and Compliance Review Procedure

Arbitration and compliance cases will be reviewed in accordance with the Rules and policies in effect on the date of the transaction, unless otherwise stated.

**Arbitration Cases**—Upon receipt, the Dispute Resolution Management Department will fax an acknowledgement to both parties. The filed-against member has ten calendar days from the date of the acknowledgement to respond. This response must be sent by fax.

**Compliance Cases**—Upon receipt, the Dispute Resolution Management (herein the Panel) will fax an acknowledgement to both parties. The filed-against member has ten days from the date of the acknowledgement to respond, and provide legible copies of any supporting documentation to the Dispute Resolution Management Department. This response must be sent by fax.

The Panel will make its ruling on the basis of information received punctually from each member and other relevant information. Documentation required as part of the exception item processing rules, which was not provided to the member concerned within the time frames described above, will not be taken into consideration by the Panel.

Both members will be advised of the Panel's decision. Additionally, responsibility for payment of the filing and administrative fees will be decided.

Settlement of the dispute must occur as soon as is practicable after receipt of the Panel's decision.

**For intra-European cases** the funds will be moved electronically. For more details please refer to section 4.5 Fees and Assessments of this guide.

### B.4.8.1 Non-Acceptance of a Case

Following a preliminary examination of the case, the Panel will decide whether it can accept the case for ruling.

The Panel will decline an arbitration or compliance case if the filing member did not follow the filing requirements, including:

• The filing member has not submitted the documentation required in accordance with the rules, or otherwise requested by the reviewing body.

• The filing form and all documentation is neither in English nor is it accompanied by an English translation.

• The case was filed after the time frames specified in section B.4.4 Time Frames for Filing.

• The filing form was not signed by the Compliance Contact or Principal Contact of the filing member.

• The pre-compliance letter was not sent in accordance with the rules (applicable only in compliance cases).

If a case is not accepted for any of the above reasons, the filing fee will be retained. The filing member may resubmit a case that has been declined for ruling if it can correct the deficiency that caused the case to be declined within the applicable filing time frames. A new filing fee will apply.

### B.4.8.2 Pre-Decision Acceptance of Responsibility for the Disputed Amount

Either member can accept responsibility for the disputed amount before the Panel has reached a decision. The member's written acknowledgement of responsibility must be received by the Panel, before its decision is made. If the acknowledgement is received before the Panel makes its decision, the Panel will advise both members accordingly, and the case will be withdrawn.

The Panel will decide which member is to pay the filing fee.

For intra-European cases please refer to section 4.5 Fees and Assessments of this manual.

## B.4.9 Arbitration or Compliance Case Appeals

Please refer to section 4.9 Arbitration or Compliance Case Appeals of this manual for the procedure and requirements applicable to appeals of both intra-European and interregional arbitration and compliance cases.

# Appendix C   Chargeback Protection Amounts

*This appendix specifies the chargeback protection amounts for MasterCard® PayPass™ and the Quick Payment Service (QPS) program.*

# Overview

This section of the Chargeback Guide contains:

- Information about chargeback protection amounts
- Definitions of geographical areas
- Chargeback protection amounts established by MasterCard by specific geographical areas and card acceptor business code/merchant category code (MCC).

# Chargeback Protection Amount Guidelines

MasterCard establishes chargeback protection amounts for members to follow in their acceptance and chargeback processes. The chargeback protection amount is a maximum amount above which the merchant must follow standard acceptance procedures before completing the transaction. MasterCard chargeback protection amounts are published in this chapter, in the tables that follow.

Chargeback protection amounts are assigned according to the product, card acceptor business code (MCC), and the geographical location.

Chapter 3 of the *Quick Reference Booklet* contains a description of the merchant category codes.

# Equivalent Chargeback Protection Amounts

In some cases, chargeback protection amounts stated in U.S. dollars cannot be expressed in a convenient number of units of other currencies. In cases where the U.S. dollar is not legal tender, the correct currency unit limit may be increased or reduced by an amount not to exceed 10 percent so that the chargeback protection amount can be expressed conveniently.

# Chargeback Protection Amount by Geographical Areas

The following sections describe the defined geographical areas and their respective chargeback protection amounts. MasterCard establishes chargeback protection amount according to the MCC.

**NOTE**

**Changes in allegiance or national affiliation of a part of any of the countries listed in this appendix shall not affect the geographic coverage of the definition.**

## Asia/Pacific Region

The Asia/Pacific Region includes the following countries or territories. For a list of countries in each region, refer to Appendix A of the *MasterCard Rules*.

| Product | MCC | Merchant Category | Australia AUD | Brunei BND | Hong Kong HKD | Indonesia IDR |
|---|---|---|---|---|---|---|
| *PayPass* | All | All | 100 | 45 | 500 | 125,000 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 35 | 45 | 500 | 125,000 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 35 | 45 | 500 | 125,000 |
| QPS | 4111 | Transportation—Suburban and Local Commuter Passenger, including Ferries | 35 | 45 | 200 | 125,000 |
| QPS | 4121 | Taxis and Limousines | 35 | 45 | 200 | 125,000 |
| QPS | 4131 | Bus Lines | 35 | 45 | 200 | 125,000 |
| QPS | 4784 | Bridge and Road Fees, Tolls | 35 | 45 | 200 | 125,000 |
| QPS | 5411 | Grocery Stores, Supermarkets | 35 | 45 | 200 | 125,000 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 35 | 45 | 200 | 125,000 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 35 | 45 | 200 | 125,000 |
| QPS | 5735 | Record Shops | 35 | 45 | 200 | 125,000 |
| QPS | 5814 | Fast Food Restaurants | 35 | 45 | 200 | 125,000 |
| QPS | 5912 | Drug Stores, Pharmacies | 35 | 45 | 200 | 125,000 |
| QPS | 5942 | Book Stores | 35 | 45 | 200 | 125,000 |
| QPS | 5994 | News Dealers and Newsstands | 35 | 45 | 200 | 125,000 |

| Product | MCC | Merchant Category | Australia AUD | Brunei BND | Hong Kong HKD | Indonesia IDR |
|---------|-----|-------------------|---------------|------------|---------------|---------------|
| QPS | 7216 | Dry Cleaners | 35 | 45 | 200 | 125,000 |
| QPS | 7523 | Automobile Parking Lots and Garages | 35 | 45 | 500 | 125,000 |
| QPS | 7542 | Car Washes | 35 | 45 | 200 | 125,000 |
| QPS | 7832 | Motion Picture Theaters | 35 | 45 | 200 | 125,000 |
| QPS | 7841 | Video Entertainment Rental Stores | 35 | 45 | 200 | 125,000 |

| Product | MCC | Merchant Category | Japan JPY | Macau MOP | Malaysia MYR | New Zealand NZD |
|---|---|---|---|---|---|---|
| *PayPass* | All | All | 2,500 | 500 | 150 | 35 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Sub-urban and Local Commuter, Passenger, including Ferries | 2,500 | 500 | 150 | 35 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 2,500 | 500 | 150 | 35 |
| QPS | 4111 | Transportation—Sub-urban and Local Commuter, Passenger, including Ferries | 2,500 | 200 | 150 | 35 |
| QPS | 4121 | Taxis and Limousines | 2,500 | 200 | 150 | 35 |
| QPS | 4131 | Bus Lines | 2,500 | 200 | 150 | 35 |
| QPS | 4784 | Bridge and Road Fees, Tolls | 2,500 | 200 | 150 | 35 |
| QPS | 5411 | Grocery Stores, Supermarkets | 2,500 | 200 | 150 | 35 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 2,500 | 200 | 150 | 35 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 2,500 | 200 | 150 | 35 |
| QPS | 5735 | Record Shops | 2,500 | 200 | 150 | 35 |
| QPS | 5814 | Fast Food Restaurants | 2,500 | 200 | 150 | 35 |
| QPS | 5912 | Drug Stores, Pharmacies | 2,500 | 200 | 150 | 35 |
| QPS | 5942 | Book Stores | 2,500 | 200 | 150 | 35 |
| QPS | 5994 | News Dealers and Newsstands | 2,500 | 200 | 150 | 35 |
| QPS | 7216 | Dry Cleaners | 2,500 | 200 | 150 | 35 |
| QPS | 7523 | Automobile Parking Lots and Garages | 2,500 | 500 | 150 | 35 |

| Product | MCC | Merchant Category | Japan JPY | Macau MOP | Malaysia MYR | New Zealand NZD |
|---------|-----|-------------------|-----------|-----------|--------------|-----------------|
| QPS | 7542 | Car Washes | 2,500 | 200 | 150 | 35 |
| QPS | 7832 | Motion Picture Theaters | 2,500 | 200 | 150 | 35 |
| QPS | 7841 | Video Entertainment Rental Stores | 2,500 | 200 | 150 | 35 |

| Product | MCC | Merchant Category | People's Republic of China CNY | Philippines PHP | Republic of Korea KRW | Singapore SGD |
|---|---|---|---|---|---|---|
| *PayPass* | All | All | 100 | 500 | 30,000 | 100 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 100 | 500 | 30,000 | 45 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 100 | 500 | 30,000 | 45 |
| QPS | 4111 | Transportation—Suburban and Local Commuter Passenger, including Ferries | 100 | 500 | 30,000 | 45 |
| QPS | 4121 | Taxis and Limousines | 100 | 500 | 30,000 | 45 |
| QPS | 4131 | Bus Lines | 100 | 500 | 30,000 | 45 |
| QPS | 4784 | Bridge and Road Fees, Tolls | 100 | 500 | 30,000 | 45 |
| QPS | 5411 | Grocery Stores, Supermarkets | 100 | 500 | 30,000 | 45 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 100 | 500 | 30,000 | 45 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 100 | 500 | 30,000 | 45 |
| QPS | 5735 | Record Shops | 100 | 500 | 30,000 | 45 |
| QPS | 5814 | Fast Food Restaurants | 100 | 500 | 30,000 | 45 |
| QPS | 5912 | Drug Stores, Pharmacies | 100 | 500 | 30,000 | 45 |
| QPS | 5942 | Book Stores | 100 | 500 | 30,000 | 45 |

| Product | MCC | Merchant Category | People's Republic of China CNY | Philippines PHP | Republic of Korea KRW | Singapore SGD |
|---------|-----|-------------------|-------------------------------|-----------------|----------------------|---------------|
| QPS | 5994 | News Dealers and Newsstands | 100 | 500 | 30,000 | 45 |
| QPS | 7216 | Dry Cleaners | 100 | 500 | 30,000 | 45 |
| QPS | 7523 | Automobile Parking Lots and Garages | 100 | 500 | 30,000 | 45 |
| QPS | 7542 | Car Washes | 100 | 500 | 30,000 | 45 |
| QPS | 7832 | Motion Picture Theaters | 100 | 500 | 30,000 | 45 |
| QPS | 7841 | Video Entertainment Rental Stores | 100 | 500 | 30,000 | 45 |

| Product | MCC | Merchant Category | Taiwan TWD | Thailand THB | Other Asia/Pacific USD |
|---|---|---|---|---|---|
| *PayPass* | All | All | 3,000 | 500 | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Sub-urban and Local Commuter, Passenger, including Ferries | 3,000 | 500 | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 3,000 | 500 | 50 |
| QPS | 4111 | Transportation—Sub-urban and Local Commuter Passenger, including Ferries | 700 | 500 | 25 |
| QPS | 4121 | Taxis and Limousines | 700 | 500 | 25 |
| QPS | 4131 | Bus Lines | 700 | 500 | 25 |
| QPS | 4784 | Bridge and Road Fees, Tolls | 700 | 500 | 25 |
| QPS | 5411 | Grocery Stores, Supermarkets | 700 | 500 | 25 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 700 | 500 | 25 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 700 | 500 | 25 |
| QPS | 5735 | Record Shops | 700 | 500 | 25 |
| QPS | 5814 | Fast Food Restaurants | 700 | 500 | 25 |
| QPS | 5912 | Drug Stores, Pharmacies | 700 | 500 | 25 |
| QPS | 5942 | Book Stores | 700 | 500 | 25 |
| QPS | 5994 | News Dealers and Newsstands | 700 | 500 | 25 |
| QPS | 7216 | Dry Cleaners | 700 | 500 | 25 |

| Product | MCC | Merchant Category | Taiwan TWD | Thailand THB | Other Asia/Pacific USD |
|---------|-----|-------------------|------------|--------------|------------------------|
| QPS | 7523 | Automobile Parking Lots and Garages | 700 | 500 | 25 |
| QPS | 7542 | Car Washes | 700 | 500 | 25 |
| QPS | 7832 | Motion Picture Theaters | 700 | 500 | 25 |
| QPS | 7841 | Video Entertainment Rental Stores | 700 | 500 | 25 |

## Canada Region

The Canada Region is composed of Canada.

| Product | MCC | Merchant Category | CAD |
| --- | --- | --- | --- |
| *PayPass* | All | All | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 50 |
| QPS | 5411 | Grocery Stores, Supermarkets | 50 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 50 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 50 |
| QPS | 5735 | Record Shops | 50 |
| QPS | 5814 | Fast Food Restaurants | 50 |
| QPS | 5912 | Drug Stores, Pharmacies | 50 |
| QPS | 5942 | News Dealers and Book Stores | 50 |
| QPS | 5994 | Newsstands | 50 |
| QPS | 7216 | Dry Cleaners | 50 |
| QPS | 7523 | Automobile Parking Lots and Garages | 50 |
| QPS | 7832 | Motion Picture Theaters | 50 |
| QPS | 7841 | Video Entertainment Rental Stores | 50 |

## Europe Region

The Europe Region includes the following countries or territories. For a list of countries in each region, refer to Appendix A of the *MasterCard Rules*.

| Product | MCC | Merchant Category | Hungary HUF | Kazakhstan KZT | Poland PLN |
|---|---|---|---|---|---|
| *PayPass* | All | All | 3,000 | 4,000 | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 3,000 | 4,000 | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 3,000 | 4,000 | 50 |
| QPS | 5411 | Grocery Stores, Supermarkets | 3,000 | 4,000 | 20 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 3,000 | 4,000 | 20 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 3,000 | 4,000 | 20 |
| QPS | 5735 | Record Shops | 3,000 | 4,000 | 20 |
| QPS | 5814 | Fast Food Restaurants | 3,000 | 4,000 | 20 |
| QPS | 5912 | Drug Stores, Pharmacies | 3,000 | 4,000 | 20 |
| QPS | 5942 | Book Stores | 3,000 | 4,000 | 20 |
| QPS | 5994 | News Dealers and Newsstands | 3,000 | 4,000 | 20 |
| QPS | 7216 | Dry Cleaners | 3,000 | 4,000 | 20 |
| QPS | 7523 | Automobile Parking Lots and Garages | 3,000 | 4,000 | 20 |
| QPS | 7832 | Motion Picture Theaters | 3,000 | 4,000 | 20 |
| QPS | 7841 | Video Entertainment Rental Stores | 3,000 | 4,000 | 20 |

| Product | MCC | Merchant Category | Romania RON | Russian Federation RUB | Switzerland CHF |
|---|---|---|---|---|---|
| *PayPass* | All | All | 100 | 1,000 | 40 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 100 | 1,000 | 40 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 100 | 1,000 | 40 |
| QPS | 5411 | Grocery Stores, Supermarkets | 100 | 1,000 | 40 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 100 | 1,000 | 40 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 100 | 1,000 | 40 |
| QPS | 5735 | Record Shops | 100 | 1,000 | 40 |
| QPS | 5814 | Fast Food Restaurants | 100 | 1,000 | 40 |
| QPS | 5912 | Drug Stores, Pharmacies | 100 | 1,000 | 40 |
| QPS | 5942 | Book Stores | 100 | 1,000 | 40 |
| QPS | 5994 | News Dealers and Newsstands | 100 | 1,000 | 40 |
| QPS | 7216 | Dry Cleaners | 100 | 1,000 | 40 |
| QPS | 7523 | Automobile Parking Lots and Garages | 100 | 1,000 | 40 |
| QPS | 7832 | Motion Picture Theaters | 100 | 1,000 | 40 |
| QPS | 7841 | Video Entertainment Rental Stores | 100 | 1,000 | 40 |

| Product | MCC | Merchant Category | United Kingdom GBP | Other Europe EUR | |
|---------|-----|-------------------|-------------------|------------------|---|
| *PayPass* | All | All | 15 | 25 | &#124; |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 15 | 25 | &#124; |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 15 | 25 | &#124; |
| QPS | 5411 | Grocery Stores, Supermarkets | 10 | 25 | |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 10 | 25 | |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 10 | 25 | |
| QPS | 5735 | Record Shops | 10 | 25 | |
| QPS | 5814 | Fast Food Restaurants | 10 | 25 | |
| QPS | 5912 | Drug Stores, Pharmacies | 10 | 25 | |
| QPS | 5942 | Book Stores | 10 | 25 | |
| QPS | 5994 | News Dealers and Newsstands | 10 | 25 | |
| QPS | 7216 | Dry Cleaners | 10 | 25 | |
| QPS | 7523 | Automobile Parking Lots and Garages | 10 | 25 | |
| QPS | 7832 | Motion Picture Theaters | 10 | 25 | |
| QPS | 7841 | Video Entertainment Rental Stores | 10 | 25 | |

## Latin America and the Caribbean Region

The Latin America and the Caribbean Region includes the following countries and territories. For a list of countries in each region, refer to Appendix A of the *MasterCard Rules*.

| Product | MCC | Merchant Category | Antigua and Barbuda XCD | Argentina ARS | Bahamas BSD |
|---------|-----|-------------------|-------------------------|---------------|-------------|
| *PayPass* | All | All | 65 | 50 | 25 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 65 | 50 | 25 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 65 | 50 | 25 |
| QPS | 5411 | Grocery Stores, Supermarkets | 65 | 50 | 25 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 65 | 50 | 25 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 65 | 50 | 25 |
| QPS | 5735 | Record Shops | 65 | 50 | 25 |
| QPS | 5814 | Fast Food Restaurants | 65 | 50 | 25 |
| QPS | 5912 | Drug Stores, Pharmacies | 65 | 50 | 25 |
| QPS | 5942 | Book Stores | 65 | 50 | 25 |
| QPS | 5994 | News Dealers and Newsstands | 65 | 50 | 25 |
| QPS | 7216 | Dry Cleaners | 65 | 50 | 25 |
| QPS | 7523 | Automobile Parking Lots and Garages | 65 | 50 | 25 |
| QPS | 7832 | Motion Picture Theaters | 65 | 50 | 25 |
| QPS | 7841 | Video Entertainment Rental Stores | 65 | 50 | 25 |

| Product | MCC | Merchant Category | Barbados BBD | Belize BZD | Bermuda BMD |
|---------|-----|-------------------|--------------|------------|-------------|
| *PayPass* | All | All | 50 | 40 | 25 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 50 | 40 | 25 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 50 | 40 | 25 |
| QPS | 5411 | Grocery Stores, Supermarkets | 50 | 40 | 25 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 50 | 40 | 25 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 50 | 40 | 25 |
| QPS | 5735 | Record Shops | 50 | 40 | 25 |
| QPS | 5814 | Fast Food Restaurants | 50 | 40 | 25 |
| QPS | 5912 | Drug Stores, Pharmacies | 50 | 40 | 25 |
| QPS | 5942 | Book Stores | 50 | 40 | 25 |
| QPS | 5994 | News Dealers and Newsstands | 50 | 40 | 25 |
| QPS | 7216 | Dry Cleaners | 50 | 40 | 25 |
| QPS | 7523 | Automobile Parking Lots and Garages | 50 | 40 | 25 |
| QPS | 7832 | Motion Picture Theaters | 50 | 40 | 25 |
| QPS | 7841 | Video Entertainment Rental Stores | 50 | 40 | 25 |

| Product | MCC | Merchant Category | Bolivia BOB | Brazil BRL | Chile CLP |
|---------|-----|-------------------|-------------|------------|-----------|
| *PayPass* | All | All | 120 | 35 | 12,000 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 120 | 35 | 12,000 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 120 | 35 | 12,000 |
| QPS | 5411 | Grocery Stores, Supermarkets | 120 | 45 | 12,000 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 120 | 45 | 12,000 |
| QPS | 5541 | Service Stations and Ancillary Services | 120 | 45 | 12,000 |
| QPS | 5735 | Record Shops | 120 | 45 | 12,000 |
| QPS | 5814 | Fast Food Restaurants | 120 | 35 | 12,000 |
| QPS | 5912 | Drug Stores, Pharmacies | 120 | 45 | 12,000 |
| QPS | 5942 | Book Stores | 120 | 45 | 12,000 |
| QPS | 5994 | News Dealers and Newsstands | 120 | 45 | 12,000 |
| QPS | 7216 | Dry Cleaners | 120 | 45 | 12,000 |
| QPS | 7523 | Automobile Parking Lots and Garages | 120 | 35 | 12,000 |
| QPS | 7832 | Motion Picture Theaters | 120 | 35 | 12,000 |
| QPS | 7841 | Video Entertainment Rental Stores | 120 | 45 | 12,000 |

| Product | MCC | Merchant Category | Colombia COP | Costa Rica CRC | Dominican Republic DOP |
|---------|-----|-------------------|--------------|----------------|------------------------|
| *PayPass* | All | All | 30,000 | 10 | 865 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 30,000 | 10 | 865 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 30,000 | 10 | 865 |
| QPS | 5411 | Grocery Stores, Supermarkets | 30,000 | 10 | 865 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 30,000 | 10 | 865 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 30,000 | 10 | 865 |
| QPS | 5735 | Record Shops | 30,000 | 10 | 865 |
| QPS | 5814 | Fast Food Restaurants | 30,000 | 10 | 865 |
| QPS | 5912 | Drug Stores, Pharmacies | 30,000 | 10 | 865 |
| QPS | 5942 | Book Stores | 30,000 | 10 | 865 |
| QPS | 5994 | News Dealers and Newsstands | 30,000 | 10 | 865 |
| QPS | 7216 | Dry Cleaners | 30,000 | 10 | 865 |
| QPS | 7523 | Automobile Parking Lots and Garages | 30,000 | 10 | 865 |
| QPS | 7832 | Motion Picture Theaters | 30,000 | 10 | 865 |
| QPS | 7841 | Video Entertainment Rental Stores | 30,000 | 10 | 865 |

| Product | MCC | Merchant Category | Ecuador USD | El Salvador USD | Guatemala GTQ |
|---------|-----|-------------------|-------------|-----------------|---------------|
| *PayPass* | All | All | 15 | 20 | 155 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 15 | 20 | 155 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 15 | 20 | 155 |
| QPS | 5411 | Grocery Stores, Supermarkets | 15 | 20 | 155 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 15 | 20 | 155 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 15 | 20 | 155 |
| QPS | 5735 | Record Shops | 15 | 20 | 155 |
| QPS | 5814 | Fast Food Restaurants | 15 | 20 | 155 |
| QPS | 5912 | Drug Stores, Pharmacies | 15 | 20 | 155 |
| QPS | 5942 | Book Stores | 15 | 20 | 155 |
| QPS | 5994 | News Dealers and Newsstands | 15 | 20 | 155 |
| QPS | 7216 | Dry Cleaners | 15 | 20 | 155 |
| QPS | 7523 | Automobile Parking Lots and Garages | 15 | 20 | 155 |
| QPS | 7832 | Motion Picture Theaters | 15 | 20 | 155 |
| QPS | 7841 | Video Entertainment Rental Stores | 15 | 20 | 155 |

| Product | MCC | Merchant Category | Guyana GYD | Haiti HTG | Honduras HNL |
|---|---|---|---|---|---|
| *PayPass* | All | All | 3,055 | 945 | 390 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 3,055 | 945 | 390 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 3,055 | 945 | 390 |
| QPS | 5411 | Grocery Stores, Supermarkets | 3,055 | 945 | 390 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 3,055 | 945 | 390 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 3,055 | 945 | 390 |
| QPS | 5735 | Record Shops | 3,055 | 945 | 390 |
| QPS | 5814 | Fast Food Restaurants | 3,055 | 945 | 390 |
| QPS | 5912 | Drug Stores, Pharmacies | 3,055 | 945 | 390 |
| QPS | 5942 | Book Stores | 3,055 | 945 | 390 |
| QPS | 5994 | News Dealers and Newsstands | 3,055 | 945 | 390 |
| QPS | 7216 | Dry Cleaners | 3,055 | 945 | 390 |
| QPS | 7523 | Automobile Parking Lots and Garages | 3,055 | 945 | 390 |
| QPS | 7832 | Motion Picture Theaters | 3,055 | 945 | 390 |
| QPS | 7841 | Video Entertainment Rental Stores | 3,055 | 945 | 390 |

| Product | MCC | Merchant Category | Jamaica JMD | Mexico MXN | Netherland Antilles AND |
|---|---|---|---|---|---|
| *PayPass* | All | All | 1,800 | 250 | 45 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation— Suburban and Local Commuter, Passenger, including Ferries | 1,800 | 250 | 45 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 1,800 | 250 | 45 |
| QPS | 5411 | Grocery Stores, Supermarkets | 1,800 | 250 | 45 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 1,800 | 250 | 45 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 1,800 | 250 | 45 |
| QPS | 5735 | Record Shops | 1,800 | 250 | 45 |
| QPS | 5814 | Fast Food Restaurants | 1,800 | 250 | 45 |
| QPS | 5912 | Drug Stores, Pharmacies | 1,800 | 250 | 45 |
| QPS | 5942 | Book Stores | 1,800 | 250 | 45 |
| QPS | 5994 | News Dealers and Newsstands | 1,800 | 250 | 45 |
| QPS | 7216 | Dry Cleaners | 1,800 | 250 | 45 |
| QPS | 7523 | Automobile Parking Lots and Garages | 1,800 | 250 | 45 |
| QPS | 7832 | Motion Picture Theaters | 1,800 | 250 | 45 |
| QPS | 7841 | Video Entertainment Rental Stores | 1,800 | 250 | 45 |

| Product | MCC | Merchant Category | Nicaragua NIO | Panama PAB | Paraguay PYG |
|---|---|---|---|---|---|
| *PayPass* | All | All | 385 | 20 | 72,000 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 385 | 20 | 72,000 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 385 | 20 | 72,000 |
| QPS | 5411 | Grocery Stores, Supermarkets | 385 | 20 | 72,000 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 385 | 20 | 72,000 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 385 | 20 | 72,000 |
| QPS | 5735 | Record Shops | 385 | 20 | 72,000 |
| QPS | 5814 | Fast Food Restaurants | 385 | 20 | 72,000 |
| QPS | 5912 | Drug Stores, Pharmacies | 385 | 20 | 72,000 |
| QPS | 5942 | Book Stores | 385 | 20 | 72,000 |
| QPS | 5994 | News Dealers and Newsstands | 385 | 20 | 72,000 |
| QPS | 7216 | Dry Cleaners | 385 | 20 | 72,000 |
| QPS | 7523 | Automobile Parking Lots and Garages | 385 | 20 | 72,000 |
| QPS | 7832 | Motion Picture Theaters | 385 | 20 | 72,000 |
| QPS | 7841 | Video Entertainment Rental Stores | 385 | 20 | 72,000 |

| Product | MCC | Merchant Category | Peru PEN | Puerto Rico USD | St. Kitts and Nevis XCD |
|---|---|---|---|---|---|
| *PayPass* | All | All | 45 | 25 | 65 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 45 | 25 | 65 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 45 | 25 | 65 |
| QPS | 5411 | Grocery Stores, Supermarkets | 45 | 25 | 65 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 45 | 25 | 65 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 45 | 25 | 65 |
| QPS | 5735 | Record Shops | 45 | 25 | 65 |
| QPS | 5814 | Fast Food Restaurants | 45 | 25 | 65 |
| QPS | 5912 | Drug Stores, Pharmacies | 45 | 25 | 65 |
| QPS | 5942 | Book Stores | 45 | 25 | 65 |
| QPS | 5994 | News Dealers and Newsstands | 45 | 25 | 65 |
| QPS | 7216 | Dry Cleaners | 45 | 25 | 65 |
| QPS | 7523 | Automobile Parking Lots and Garages | 45 | 25 | 65 |
| QPS | 7832 | Motion Picture Theaters | 45 | 25 | 65 |
| QPS | 7841 | Video Entertainment Rental Stores | 45 | 25 | 65 |

| Product | MCC | Merchant Category | Suriname SRD | Trinidad and Tobago TTD | Turks and Caicos Islands USD |
|---------|-----|-------------------|--------------|-------------------------|------------------------------|
| *PayPass* | All | All | 40 | 155 | 25 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 40 | 155 | 25 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 40 | 155 | 25 |
| QPS | 5411 | Grocery Stores, Supermarkets | 40 | 155 | 25 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 40 | 155 | 25 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 40 | 155 | 25 |
| QPS | 5735 | Record Shops | 40 | 155 | 25 |
| QPS | 5814 | Fast Food Restaurants | 40 | 155 | 25 |
| QPS | 5912 | Drug Stores, Pharmacies | 40 | 155 | 25 |
| QPS | 5942 | Book Stores | 40 | 155 | 25 |
| QPS | 5994 | News Dealers and Newsstands | 40 | 155 | 25 |
| QPS | 7216 | Dry Cleaners | 40 | 155 | 25 |
| QPS | 7523 | Automobile Parking Lots and Garages | 40 | 155 | 25 |
| QPS | 7832 | Motion Picture Theaters | 40 | 155 | 25 |
| QPS | 7841 | Video Entertainment Rental Stores | 40 | 155 | 25 |

| Product | MCC | Merchant Category | Uruguay UYU | Venezuela VEF |
|---------|-----|-------------------|-------------|---------------|
| *PayPass* | All | All | 320 | 32,230 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 320 | 32,230 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Bus Lines | 320 | 32,230 |
| QPS | 5411 | Grocery Stores, Supermarkets | 320 | 32,230 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 320 | 32,230 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 320 | 32,230 |
| QPS | 5735 | Record Shops | 320 | 32,230 |
| QPS | 5814 | Fast Food Restaurants | 320 | 32,230 |
| QPS | 5912 | Drug Stores, Pharmacies | 320 | 32,230 |
| QPS | 5942 | Book Stores | 320 | 32,230 |
| QPS | 5994 | News Dealers and Newsstands | 320 | 32,230 |
| QPS | 7216 | Dry Cleaners | 320 | 32,230 |
| QPS | 7523 | Automobile Parking Lots and Garages | 320 | 32,230 |
| QPS | 7832 | Motion Picture Theaters | 320 | 32,230 |
| QPS | 7841 | Video Entertainment Rental Stores | 320 | 32,230 |

| Product | MCC | Merchant Category | Other Caribbean USD | Other Central America USD | Other South America USD |
|---------|-----|-------------------|---------------------|---------------------------|-------------------------|
| *PayPass* | All | All | 50 | 20 | 15 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 50 | 20 | 15 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 50 | 20 | 15 |
| QPS | 5411 | Grocery Stores, Supermarkets | 25 | 20 | 15 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 25 | 20 | 15 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 25 | 20 | 15 |
| QPS | 5735 | Record Shops | 25 | 20 | 15 |
| QPS | 5814 | Fast Food Restaurants | 25 | 20 | 15 |
| QPS | 5912 | Drug Stores, Pharmacies | 25 | 20 | 15 |
| QPS | 5942 | Book Stores | 25 | 20 | 15 |
| QPS | 5994 | News Dealers and Newsstands | 25 | 20 | 15 |
| QPS | 7216 | Dry Cleaners | 25 | 20 | 15 |
| QPS | 7523 | Automobile Parking Lots and Garages | 25 | 20 | 15 |
| QPS | 7832 | Motion Picture Theaters | 25 | 20 | 15 |
| QPS | 7841 | Video Entertainment Rental Stores | 25 | 20 | 15 |

## South Asia/Middle East/Africa Region

The South Asia/Middle East/Africa Region includes the following countries or territories. For a list of countries in each region, refer to Appendix A of the *MasterCard Rules*.

| Product | MCC | Merchant Category | Egypt EGP | India INR | Kuwait KWD |
|---------|-----|-------------------|-----------|-----------|------------|
| *PayPass* | All | All | 75 | 500 | 5 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 75 | 500 | 5 |
| Post-Authorized Aggregated PayPass Transit | 4131 | Bus Lines | 75 | 500 | 5 |
| QPS | 5411 | Grocery Stores, Supermarkets | 75 | 500 | 5 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 75 | 500 | 5 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 75 | 500 | 5 |
| QPS | 5735 | Record Shops | 75 | 500 | 5 |
| QPS | 5814 | Fast Food Restaurants | 75 | 500 | 5 |
| QPS | 5912 | Drug Stores, Pharmacies | 75 | 500 | 5 |
| QPS | 5942 | Book Stores | 75 | 500 | 5 |
| QPS | 5994 | News Dealers and Newsstands | 75 | 500 | 5 |
| QPS | 7216 | Dry Cleaners | 75 | 500 | 5 |
| QPS | 7523 | Automobile Parking Lots and Garages | 75 | 500 | 5 |
| QPS | 7832 | Motion Picture Theaters | 75 | 500 | 5 |
| QPS | 7841 | Video Entertainment Rental Stores | 75 | 500 | 5 |

| Product | MCC | Merchant Category | Lebanon LBP | Qatar QAR | Saudi Arabia SAR |
|---------|-----|-------------------|-------------|-----------|------------------|
| *PayPass* | All | All | 30,000 | 100 | 100 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 30,000 | 100 | 100 |
| Post-Authorized Aggregated PayPass Transit | 4131 | Bus Lines | 30,000 | 100 | 100 |
| QPS | 5411 | Grocery Stores, Supermarkets | 30,000 | 100 | 100 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 30,000 | 100 | 100 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 30,000 | 100 | 100 |
| QPS | 5735 | Record Shops | 30,000 | 100 | 100 |
| QPS | 5814 | Fast Food Restaurants | 30,000 | 100 | 100 |
| QPS | 5912 | Drug Stores, Pharmacies | 30,000 | 100 | 100 |
| QPS | 5942 | Book Stores | 30,000 | 100 | 100 |
| QPS | 5994 | News Dealers and Newsstands | 30,000 | 100 | 100 |
| QPS | 7216 | Dry Cleaners | 30,000 | 100 | 100 |
| QPS | 7523 | Automobile Parking Lots and Garages | 30,000 | 100 | 100 |
| QPS | 7832 | Motion Picture Theaters | 30,000 | 100 | 100 |
| QPS | 7841 | Video Entertainment Rental Stores | 30,000 | 100 | 100 |

| Product | MCC | Merchant Category | South Africa ZAR | United Arab Emirates AED | Other SAMEA USD |
|---------|-----|-------------------|------------------|-------------------------|-----------------|
| *PayPass* | All | All | 100 | 100 | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation— Suburban and Local Commuter, Passenger, including Ferries | 100 | 100 | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 100 | 100 | 50 |
| QPS | 5411 | Supermarkets | 100 | 100 | 25 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 100 | 100 | 25 |
| QPS | 5541 | Service Stations | 100 | 100 | 25 |
| QPS | 5735 | Music Stores | 100 | 100 | 25 |
| QPS | 5814 | Fast Food Restaurants | 100 | 100 | 25 |
| QPS | 5912 | Drug Stores, Pharmacies | 100 | 100 | 25 |
| QPS | 5942 | Book Stores | 100 | 100 | 25 |
| QPS | 5994 | Newsstands | 100 | 100 | 25 |
| QPS | 7216 | Dry Cleaners | 100 | 100 | 25 |
| QPS | 7523 | Automobile Parking Lots and Garages | 100 | 100 | 50 |
| QPS | 7832 | Motion Picture Theaters | 100 | 100 | 35 |
| QPS | 7841 | Video Entertainment Rental Stores | 100 | 100 | 25 |

## United States Region

The United States Region is comprised of the United States.

| Product | MCC | Merchant Category | USD |
|---|---|---|---|
| *PayPass* | All | All | 50 |
| Post-Authorized Aggregated *PayPass* Transit | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 15 |
| Post-Authorized Aggregated *PayPass* Transit | 4131 | Bus Lines | 15 |
| QPS | 4111 | Transportation—Suburban and Local Commuter, Passenger, including Ferries | 25 |
| QPS | 4112 | Passenger Railways | 25 |
| QPS | 4121 | Limousines and Taxicabs | 50 |
| QPS | 4131 | Bus Lines | 25 |
| QPS | 4784 | Bridge and Road Fees, Tolls | 25 |
| QPS | 5411 | Grocery Stores, Supermarkets | 25 |
| QPS | 5499 | Miscellaneous Food Stores—Convenience Stores, Markets, and Specialty Stores | 25 |
| QPS | 5541 | Service Stations (with or without Ancillary Services) | 25 |
| QPS | 5735 | Record Shops | 25 |
| QPS | 5814 | Fast Food Restaurants | 25 |
| QPS | 5912 | Drug Stores, Pharmacies | 25 |
| QPS | 5942 | Book Stores | 25 |
| QPS | 5994 | News Dealers and Newsstands | 25 |
| QPS | 7216 | Dry Cleaners | 25 |
| QPS | 7338 | Quick Copy, Reproduction, and Blueprinting Services | 25 |
| QPS | 7523 | Automobile Parking Lots and Garages | 50 |
| QPS | 7542 | Car Washes | 25 |
| QPS | 7832 | Motion Picture Theaters | 35 |
| QPS | 7841 | Video Entertainment Rental Stores | 25 |

| Product | MCC | Merchant Category | USD |
|---------|-----|-------------------|-----|
| QPS | 9399 | Government Services—not elsewhere classified[1] | 25 |
| QPS | 9402 | Postal Services—Government Only | 25 |

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1. Effective for transactions that occur on or after 15 October 2010

# Appendix D   Forms

*This appendix contains instructions for accessing the forms that are referred to in this guide.*

# Overview

All forms associated with this *Chargeback Guide* can be located on MasterCard Online®. Complete the steps listed below.

| Step | Action |
|------|--------|
| 1. | Log on to **MasterCard Online** using your RSA SecureID® token. |



| Step | Action |
|------|--------|
| 2. | Under the **Main Menu**, select **Resources** and then click **Business Forms**. |
| 3. | Select **Chargeback** from the **View Forms by Category** list. |



The following forms have been referenced in the *Chargeback Guide*.

| Form Number | Form Name |
|-------------|-----------|
| 297e | Acceptance Rules and Operating Regulations–Customer Complaint Form |
| 362 | SAFE Optional Report Selection |
| 407 | Expedited Billing for Message Reason Codes 4831 and 4857 |

| Form Number | Form Name |
|---|---|
| 408 | Expedited Billing for Message Reason Codes 4841 and 4860 |
| 409 | Expedited Billing for Message Reason Code 4853 |
| 410 | Expedited Billing for Message Reason Code 4854 |
| 411 | Expedited Billing for Message Reason Code 4855 |
| 413 | Expedited Billing for Message Reason Code 4859 |
| 430 | Expedited Billing for Message Reason Code 4846 |
| 500 | MDS Exception Item Processing Request |
| 564 | Representment Documentation Dispute |
| 571 | Summary of Arbitration Documentation |
| 572 | Regulations/Rules Violations (Other than Chargeback) (ICA-14B) |
| 615 | Summary of Arbitration Documentation for Online Transactions |
| 616 | Regulations/Rules Violations (Other than Chargeback) for Online Transactions |
| 682 | Dispute Resolution Management Hub Site Electronic Case Filing |
| 798 | Electronic Debit Exception Processing Support Documentation |
| 799e | Second Presentment (Representment) Documentation Dispute |
| 802e | Dispute Resolution Management Case Notification Fax Sample |

# MasterCard Support

For questions about Chargebacks or Rules:

Dispute Resolution Management Help Desk: 1-636-722-3952

- Press **1** for an Analyst to answer your question
- Press **2** for information about filed cases

Fax: 1-636-722-7215 [rules@mastercard.com](mailto:rules@mastercard.com)

## Image Review

**Image Review inquiries**

Dispute Resolution Management Help Desk: 1-636-722-3952

Press **3** for Image Review questions

**Sending image mail to MasterCard using your MasterCom workstation**

Send to ICA 2083, PC endpoint: 0060007, attention Image Review

[rules@mastercard.com](mailto:rules@mastercard.com)

## Chargeback Seminars, Training Programs, and Other Training Documentation

Dispute Resolution: 1-636-722-3952

Press **1** for information about Regional or On-site Training seminars.