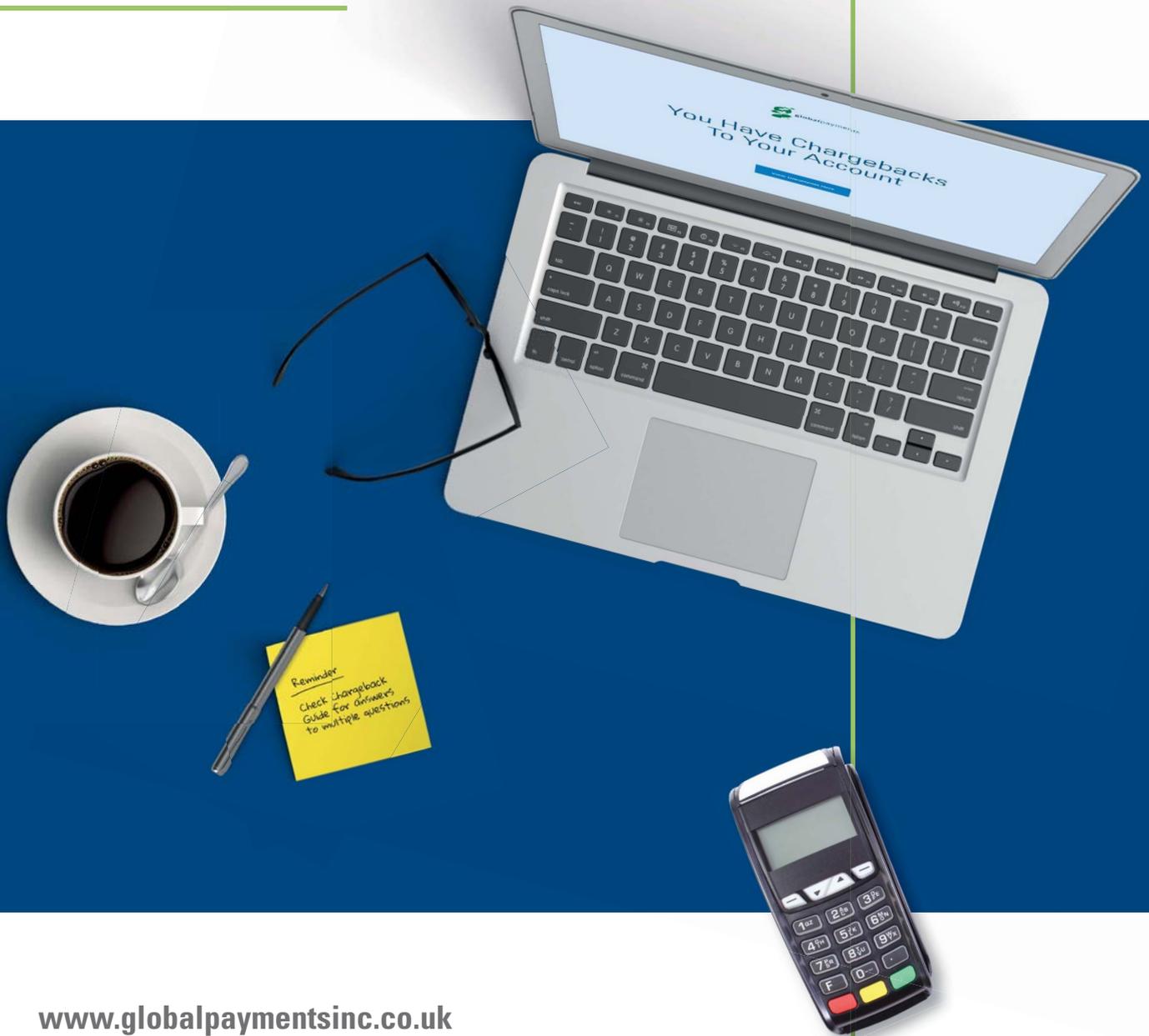
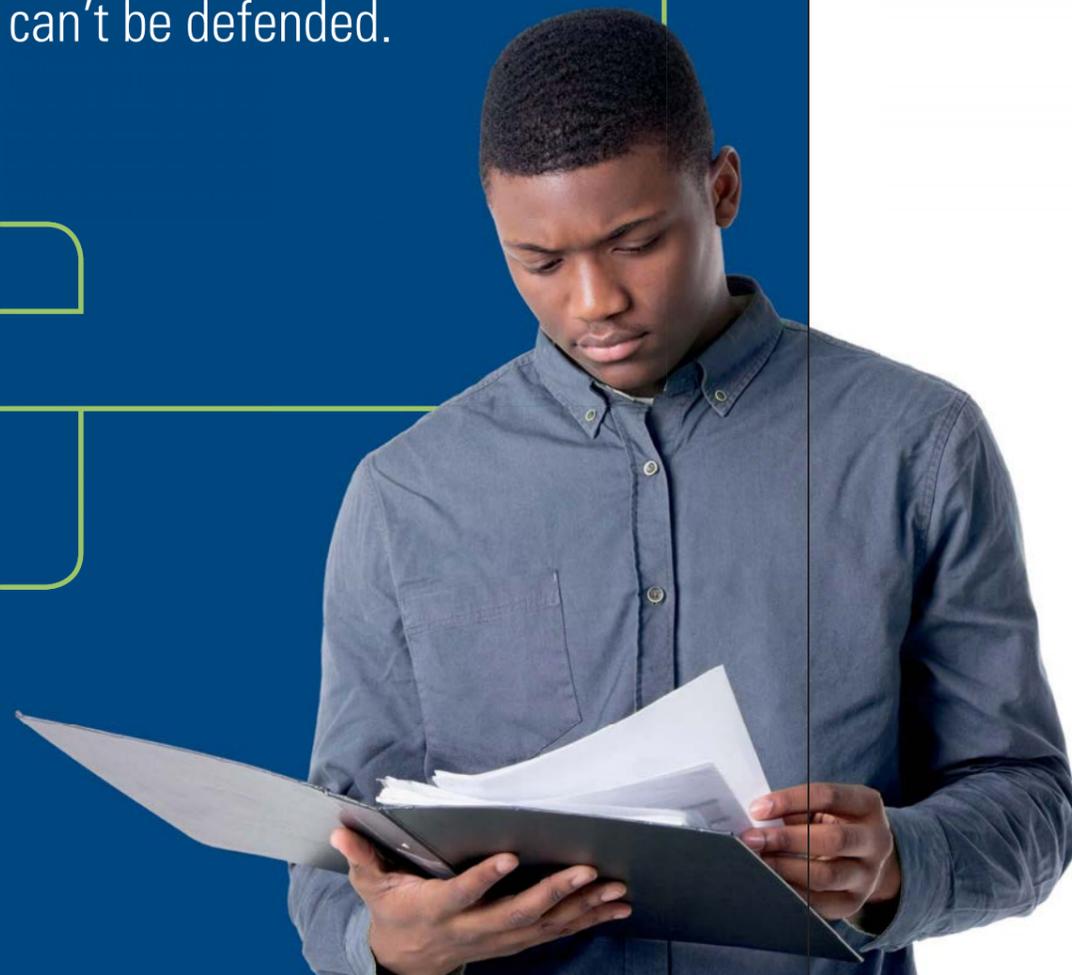




CHARGEBACK GUIDE



This step by step guide is designed to help you if you ever receive a chargeback whilst taking card payments with us. You will also find out about some of the more obvious reasons chargebacks happen and why they sometimes can't be defended.



UNDERSTAND WHAT A CHARGEBACK IS AND WHY IT HAPPENS

A chargeback is a transaction that has been disputed by the cardholder or card issuer and returned to us. When a chargeback is received from a card issuer, the debit for the amount of the disputed transaction is also received.

If a cardholder or the Issuer disputes a transaction, they may question its validity and raise a chargeback. We're obliged to advise you of the details so that the Issuer may make a decision based on all the details placed before them. We're also obliged to debit your account for the disputed transaction during the dispute.

To enable us to process card transactions, we must be a member of the card schemes (MasterCard and Visa) and we must abide by the rules and regulations they have created. When you sign your agreement with us, you agree to abide by these terms as well.

Each chargeback has specific rules, regulations and time limits which we must adhere to. These are set by MasterCard and Visa and influence the actions we are able to take when dealing with chargebacks.

A chargeback could happen for a variety of reasons, and some of the more common are listed below:

- Fraud, where the transaction was completed without the genuine cardholder's participation or authorisation.
- Authorisation related, such as the transaction was completed without the required authorisation or authorisation was declined.
- A processing error which could be a duplicate processing of a transaction for example.
- Cancelled/returned goods or service, where the cardholder has cancelled an order or returned goods but hasn't received a refund. This could be because it hasn't been processed or the refund has not been credited to the same cardholder account that was originally debited.

How Is A 'Request for Information' Different?

A Request for Information (RFI) happens when a cardholder or card issuer queries a transaction, but the debit amount for the transaction is not sent. It's purely a request for the transaction information.

We will write to you and ask for copies of your transaction documents when we receive an RFI. Please be aware that, if we do not receive the requested documents from you in the time requested, we may later receive a chargeback that we are unable to defend.

We Will Let You Know If You Get A Chargeback

We will notify you in writing if you get a chargeback, before we apply the debit to your account. Whether we can defend the chargeback depends on whether the transaction has fully complied with the rules set up by MasterCard or Visa.

We make a reasonable attempt to notify you before applying the debit, however it may need to be applied prior to the notification. So you may find that the transaction is taken from your account before you have received notification from us.



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What To Do If You Get A Letter

If you receive a chargeback or RFI letter from us, you must return all requested information within the timescale outlined in the letter. **Failure to do this may prevent any further action in defending your chargeback.**

The Defence

Once your response is received, we'll review it to see if it is sufficient to enable us to defend the chargeback, in accordance with the Card Scheme Rules.

The Result

If your response enables us to defend the chargeback, we'll credit your bank account whilst we attempt to defend the chargeback. If the card issuer still continues with the chargeback, we'll notify you.

If your response doesn't enable us to defend the chargeback, we'll notify you in writing why and the debit previously applied to your bank account will remain.

It is important to note that, despite every effort made by us to defend your chargeback (if we are able to do so based on Card Scheme Rules), the responsibility to pursue a chargeback remains with the Issuer and not us.



“ If you receive a chargeback or RFI letter from us, you must return all requested information within the timescale outlined in the letter.”

COMMON QUESTIONS WE SEE ABOUT CHARGEBACKS

We're asked a lot of questions about chargebacks, and we know that they can be frustrating. Not all chargebacks can be defended and it is essential that you ensure that the rules set out by the Card Schemes are followed.

We have put together some of the more common issues raised about chargebacks for you. This is by no means an exhaustive list as chargebacks are raised for a variety

of reasons, and whilst we do everything we can to support our customers, we are obliged to abide by Card Scheme Rules when handling every chargeback.

01

Why Am I Seeing Chargebacks For My Online Payments?

If you are taking payments where the card or cardholder is not present, then you may be liable for the chargebacks. The responsibility is with you to ensure the payment is being made by the genuine cardholder.

We highly recommend that if you are taking online payments, you should include 3D secure services such as Verified by Visa and MasterCard SecureCode, where your customer can authenticate themselves as the genuine card holder. This adds an extra layer of security and chargeback protection to your online payments, to help you protect your business.

“ If you are taking payments where the card or cardholder is not present, then you may be liable for the chargebacks.





02

I Am Getting A High Number Of Chargebacks When I Am Posting Goods To Customers And They Say They Haven't Received Them?

If you're seeing a high number of chargebacks from goods not being delivered, then opting to use 'Signed For' mail when posting goods can help reduce this issue.

03

Why Is Global Payments Unable To Defend My Chargeback?

Not all chargebacks are defensible. If you don't have all the supporting materials that we need, then we'll be unable to defend your chargeback. Or if we don't receive the documents in time, reduces our chances of defending the chargeback.

It's also wise to note that, just because the payment has been authorised at the point of purchase, does not guarantee the payment. Taking all of the necessary steps at the time of purchase may still not ensure that you won't get a chargeback on it. The card could be fraudulently used but not yet reported, for example.

04

The Payment Was Authorised - Why Is It Being Disputed?

A transaction authorisation cannot verify that the genuine cardholder is conducting the transaction or guarantee that payment. Authorisation checks that at the time of the transaction, the card isn't reported lost or stolen, and that the genuine cardholder has sufficient funds available.



05

If The Transaction Was Fraudulent, Then Why Did Global Payments Allow It To Go Through?

As mentioned, a card used for a fraudulent transaction may not have been flagged as being lost or stolen at the time of purchase. Or the card details may have been scammed and the genuine cardholder is unaware that a counterfeit card is being used. In these cases, the cardholder's bank and Global Payments are not aware at the time of the transaction that there's anything criminal happening with the card and payments continue to go through as usual.

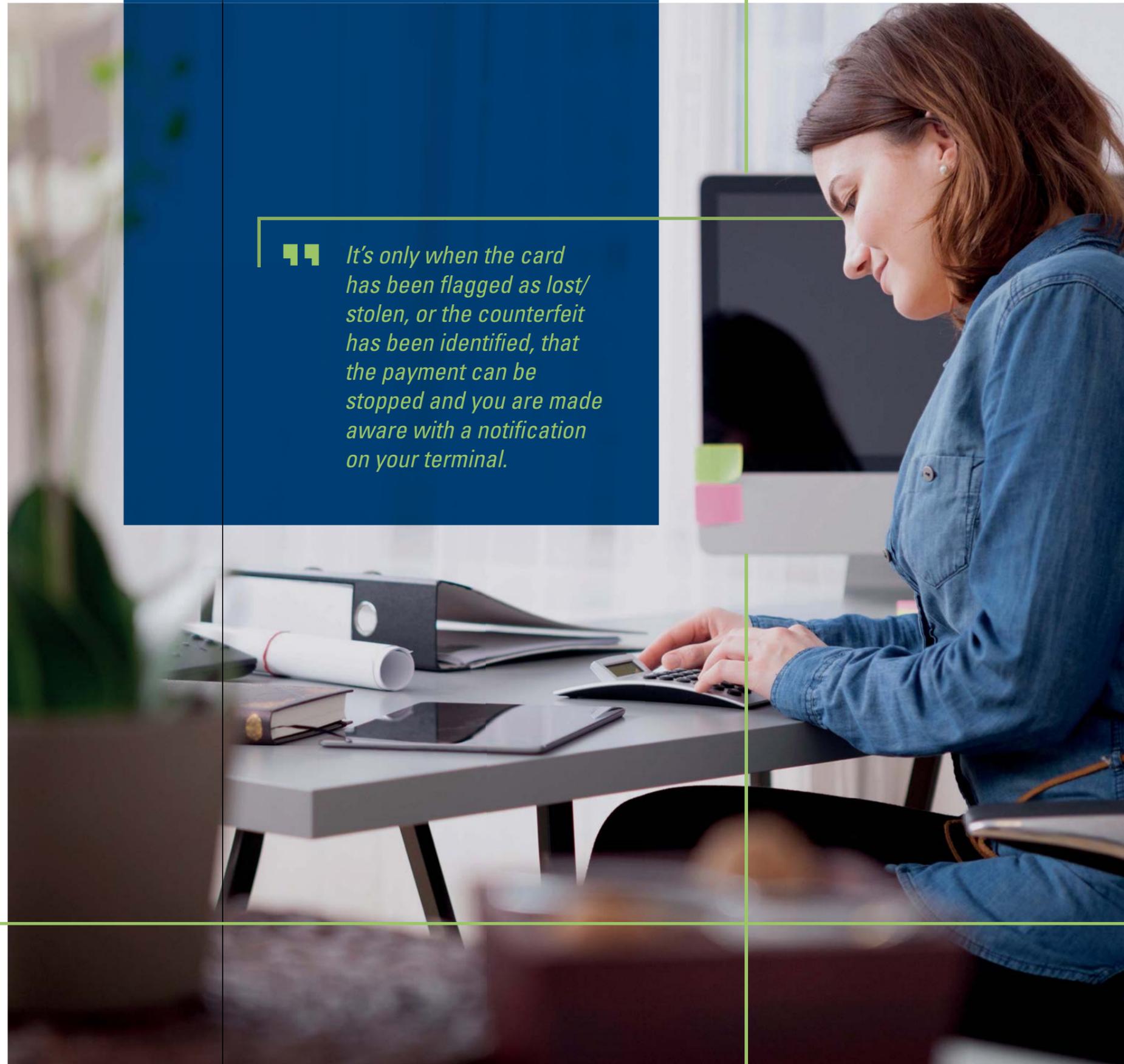
It's only when the card has been flagged as lost/stolen, or the counterfeit has been identified, that the payment can be stopped and you are made aware with a notification on your terminal.

“ It's only when the card has been flagged as lost/stolen, or the counterfeit has been identified, that the payment can be stopped and you are made aware with a notification on your terminal.”

06

Why Can The Cardholder Have Their Money Back And Still Have The Goods?

When a cardholder and a merchant are in dispute in some goods-not-as-described cases, the Card Scheme Rules state that the Cardholder must make the goods available to you to collect. However if you are in dispute and do not collect, arrange collection or refuse to collect, then at this point the cardholder has both the goods and the money. You must ensure that you arrange to collect your goods should this dispute arise.



07

Why Has It Taken So Long For The Chargeback To Be Raised?

Maybe the cardholder has not noticed a payment has been made against their account or has taken a while to view their accounts, during which an unknown payment has been flagged. This is more common with fraudulent transactions which can take time to be investigated.

In the vast majority of cases, requests for documentation can be received up to 13 months after the transaction has been debited. Make sure that you are able to retrieve documents easily, and that adequate information is stored securely.

08

The Chargeback Operators Do Not Understand My Business!

The type of business you're in has no bearing on the chargeback system. The rules for taking card payments and the associated chargeback rules are set out by the Card Schemes. It's your responsibility to ensure you operate within these rules. Working within the rules ensures that you have the best possible chance of either avoiding or successfully defending a chargeback.

STILL NEED FURTHER INFORMATION?

We hope this guide has been helpful. If you still need further information, you can refer to the 'Know The Risks' document and the chargebacks section on page 66 in the 'Card Processing Guide', which you should have received in your welcome pack. Alternatively these documents can be found in the Customer Centre area of our website, securely accessed from the homepage www.globalpaymentsinc.co.uk

The rules from the Card Schemes are constantly changing to keep up with new technologies, customer payment preferences and the evolving threats to businesses. This guide is a snapshot in the world of chargebacks, and whilst we've tried to ensure that the information is as up to date as possible, things may change.





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