Chargeback Process Guidelines

2024-09-01

Content

Chargeback Process Guidelines

1. What is chargeback

A chargeback is the reversal of financial transaction, typically initiated by a customer (the cardholder), who disputes a sale on his or her credit card.

Generally occurring within 180 days after the transaction, some industries and issuers can accept chargeback applications for a longer period of time. When a chargeback occurs, the bank will charge an additional charge for chargeback processing in addition to deducting the transaction amount.

2. Chargeback Reasons

拒付原因	Chargeback Reasons	Chargeback reason categories
欺诈交易	Other Fraud-Card Absent Environment	Allocation
触发伪冒监控程序	Visa Fraud Monitoring Program	Allocation
持卡人未授权	No Authorization	Allocation
交易清算延迟	Late Presentment	Collaboration
错误交易代码	Incorrect Transaction Code	Collaboration
错误交易币种	Incorrect Currency	Collaboration
错误账户	Incorrect Account Number	Collaboration
错误交易金额	Incorrect Amount	Collaboration
重复处理	Duplicate Processing	Collaboration
已用其他方式支付	Paid by Other Means	Collaboration
无效数据	Invalid Data	Collaboration
服务未提供或未收到商品	Merchandise/Services Not Received	Collaboration
未收到退款	Credit Not Processed	Collaboration

已取消的循环交易	Cancelled Recurring	Collaboration
货物损坏/货不对版	Not as Described or Defective Merchandise/Services	Collaboration
虚假商品	Counterfeit Merchandise	Collaboration
虚假描述	Misrepresentation	Collaboration
已取消的商品/服务	Cancelled Merchandise/Services	Collaboration
其他	Others	
持卡人无法识别交易	Cardholder Does Not Recognize the Transaction	
调单请求不清晰/理由不充分	Request for support illegible/insufficient	
无效授权	Invalid authorisation	
费用存在疑义	Car Rental Charge non qualified or unsubstantiated	
重复处理/已用其他方式支付	Duplicate Processing/Paid by Other Means	Collaboration

3. Chargeback assessment standards

3.1. Visa Chargeback assessment standards

Starting from October 1, 2019, Visa's new chargeback and fraud assessment standards, including the assessment of individual merchants and the assessment of acquiring banks, have been officially implemented. According to international card organization regulations, the monthly chargeback rate for each merchant's transactions must not exceed the required standards. The calculation rules are as follows: Specific verification card organization link: https://usa.visa.com/

- VDMP： Visa Global Chargeback Monitoring Program

level	VDMP assessment standards
Level 1（Early Warning）	0.65% and 75 chargebacks
Level 2（Standard Program）	0.9% and 100 Schargebacks

Level 3（Excessive Program）	1.8% and 1000 chargebacks

Visa Chargeback Rate：

Visa Chargeback Rate = Visa Chargeback orders of current month / Visa success orders of current month

3.2. MasterCard Chargeback assessment standards

- MasterCard Chargeback assessment standards
- ECP：Excessive Chargeback Program
- ECM： Excessive Chargeback Merchant
- HECM：High Excessive Chargeback Merchant

https://www.mastercard.us/en-us.html

level	ECP assessment standards
ECM	1.5% and 100 chargebacks
HECM	3% and 300 chargebacks

MasterCard Chargeback Rate：

MasterCard Chargeback Rate = MasterCard Chargeback orders of current month / MasterCard success orders of last month

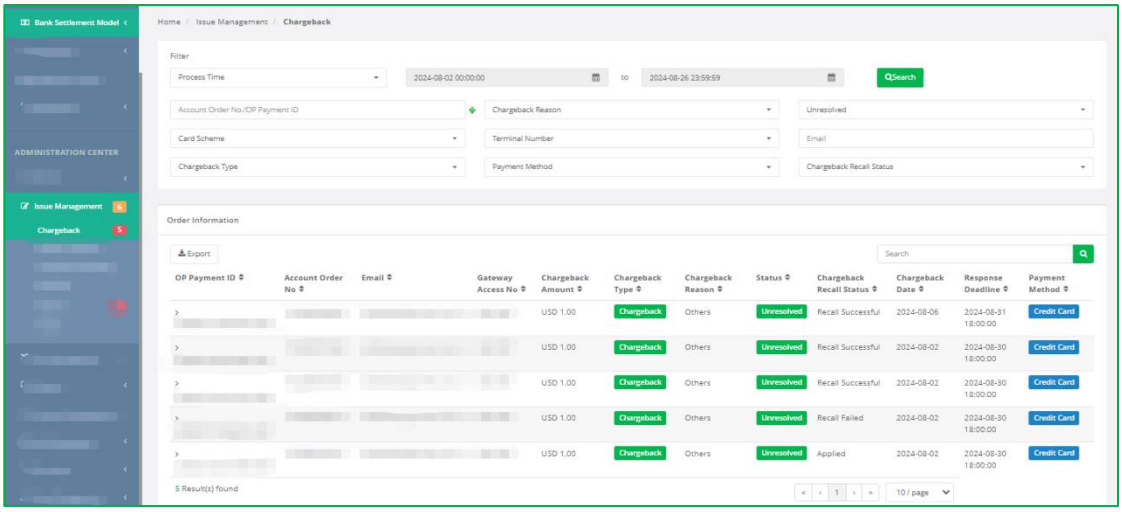
- MasterCard Fraud Chargeback assessment standards
- EFM：Excessive Fraud Merchant
- EFM evaluates merchants as a whole
- Regulated Country: A country that requires transactions to undergo Strong Cardholder Authentication
- Once entering the EFM control process, merchants must not exceed the standard

for 3 consecutive months before they can exit.

NO.	assessment standards	explanation
1	MasterCard success orders ≥1000	
2	MasterCard Fraud Chargeback Amount≥50000	4837 No Cardholder Authorization 4863 Cardholder Does Not Recognize—Potential Fraud
3	MasterCard Fraud Chargeback Rate≥0.5%	
4	The proportion of 3D transactions is less than 10% (non-regulated) or the proportion of 3D transactions is less than 50% (regulated countries)	

4. Introduction to Chargeback process functions

After logging in to your account's back office, click on [Issue Management - Chargeback] to access the section of chargeback process.

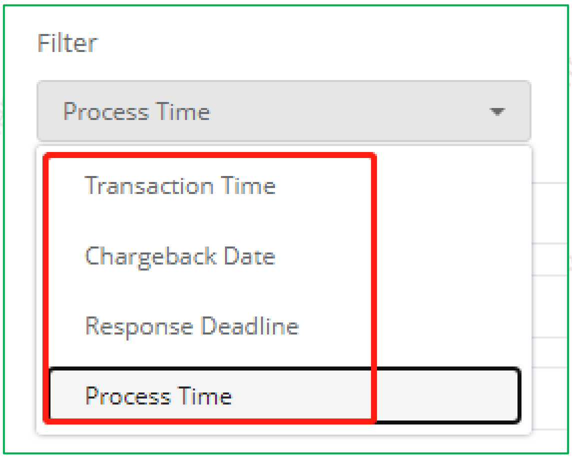


4.1 Search

1. Time: Default Process Time
   - Transaction Time: When this transaction occurred
   - Chargeback Date: When this transaction was chargeback
   - Response Deadline: The deadline for submitting re-presentment information

for this transaction

➢ Process Time: Time for this transaction to be processed by Oceanpayment

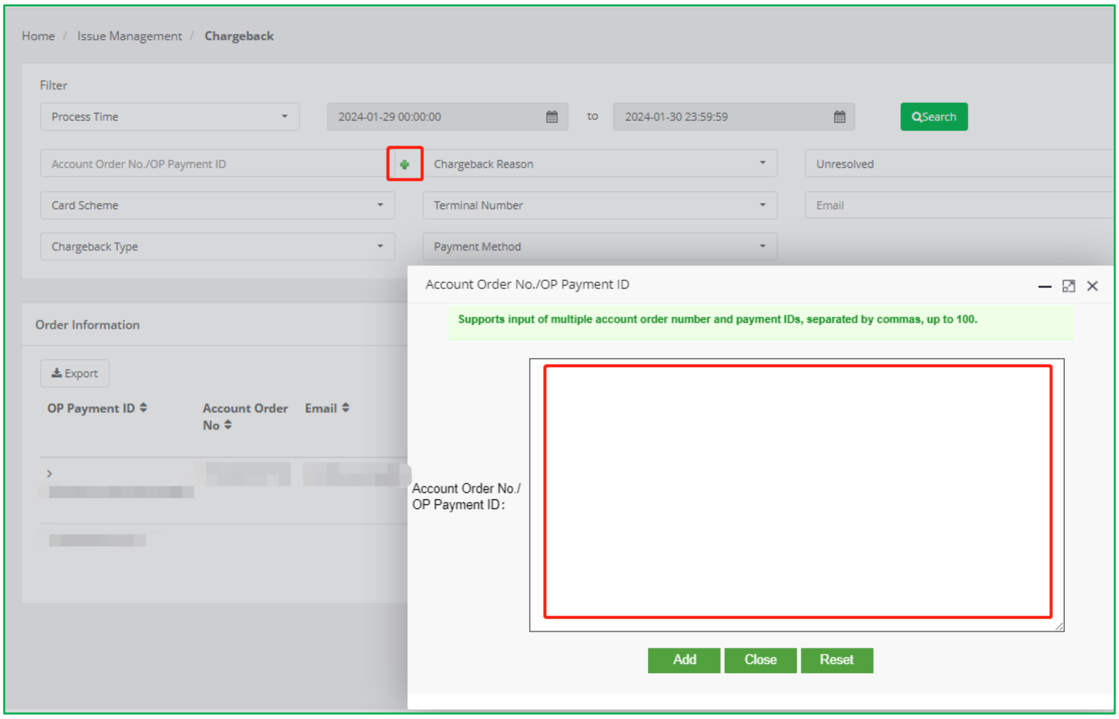


2. Account order number/Payment ID: You can enter the Account Order Number, or Payment ID to search

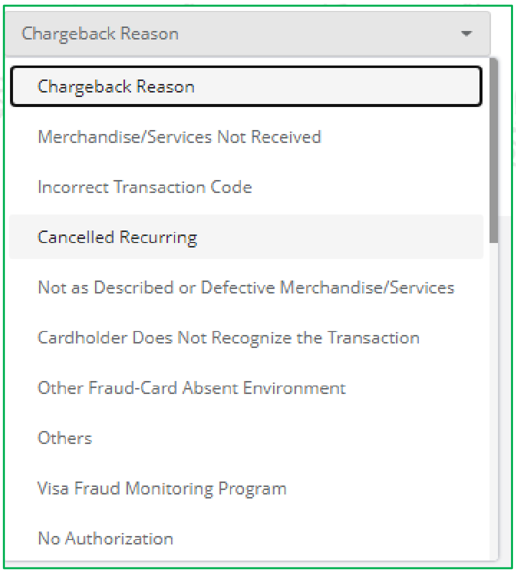
➢ You can enter multiple Account Order Numbers or multiple Payment IDs via [red box +]

➢ Either enter the Account Order Number or Payment ID at the same time; do not enter the Account Order Number and Payment ID at the same time

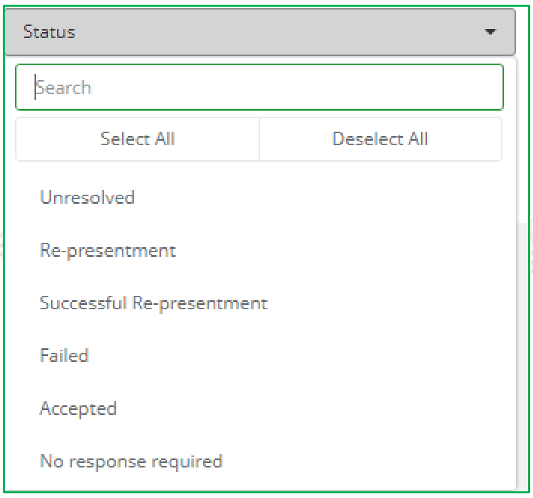
➢ Multiple Account Order Numbers (or multiple Payment IDs) must be separated by [English format commas]



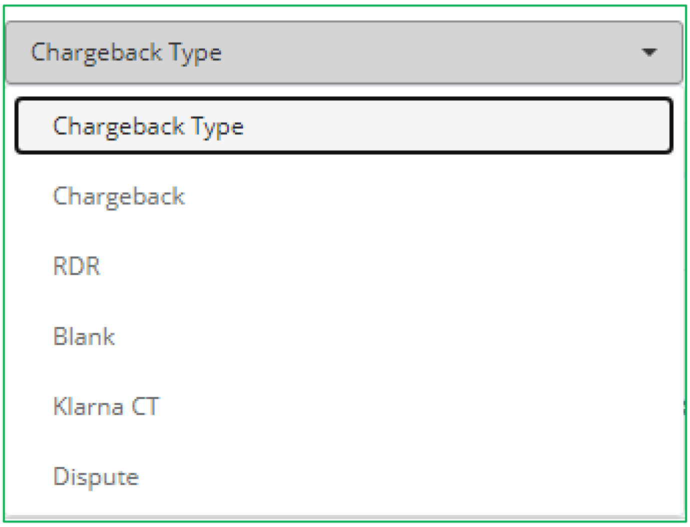
3. Chargeback reason: Single selection



4. Status: Processing status of this transaction
   - Unresolved: Order that supports the submission of the re-presentment within the response deadline, but has not yet [Initiate the Re-presentment]
   - Re-presentment: Order that has been submitted [Initiate the Re-presentment] in the backend
   - Successful Re-presentment: The final result of the re-presentment is [Successful Re-presentment] for the orders that have been [Initiate the Re-presentment], and the chargeback amount will be returned to the merchant
   - Failed: The final result of the re-presentment is [Failed] for the order that has been [Initiate the Re-presentment]
   - Accepted: Order that has been submitted [Accepted] in the backend; Orders that support the submission of a re-presentment but have not [initiate the Re-presentment] exceeding the response deadline
   - No response required: Chargeback amount is 0; or the response deadline has expired when the chargeback is updated (Also known as chargeback orders that don't support re-presentment.)

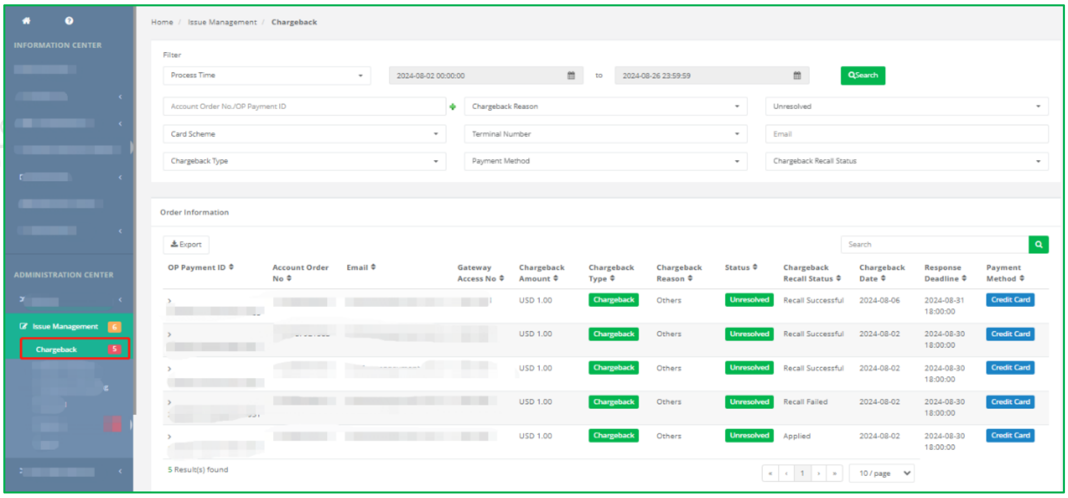


5. Terminal Number: Option to select multiple terminal numbers at the same time
6. E-mail: Case sensitive, accurate search
7. Card Scheme: Single selection
8. Chargeback Type: Chargeback, RDR, Blank, Klarna CT, Dispute
   - Chargeback: Chargeback Transaction
   - RDR: Chargeback Alert Transaction
   - Blank: Chargeback Transaction (Record of historical chargeback transactions)
   - Klarna CT (Klarna chargeback alert transactions)
   - Dispute (Chargeback transactions from Afterpay)



9. Payment method: Multiple options, you can search for multiple payment methods
10. Chargeback Recall Status:Not applied、Applied、Recall successful、Recall Failed

4.2 Unresolved Reminder

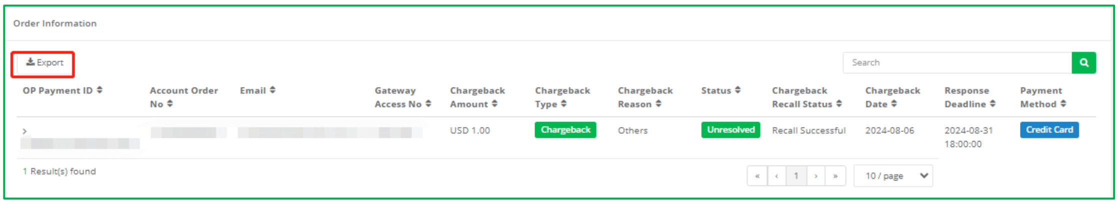


1. Click on the above picture [Chargeback, or the red word], you can view [Chagreback] all [Unresolved] status orders. It means all the orders that are "within the response deadline, supporting the submission of re-presentment, but have not yet [Initiate Re-presentment]". Merchants can process [Unresolved] orders that [Response Deadline] is about to expire on a priority basis.

2. After re-selecting the [Conditional Filter], click [Search] to find the data according to the updated search conditions.

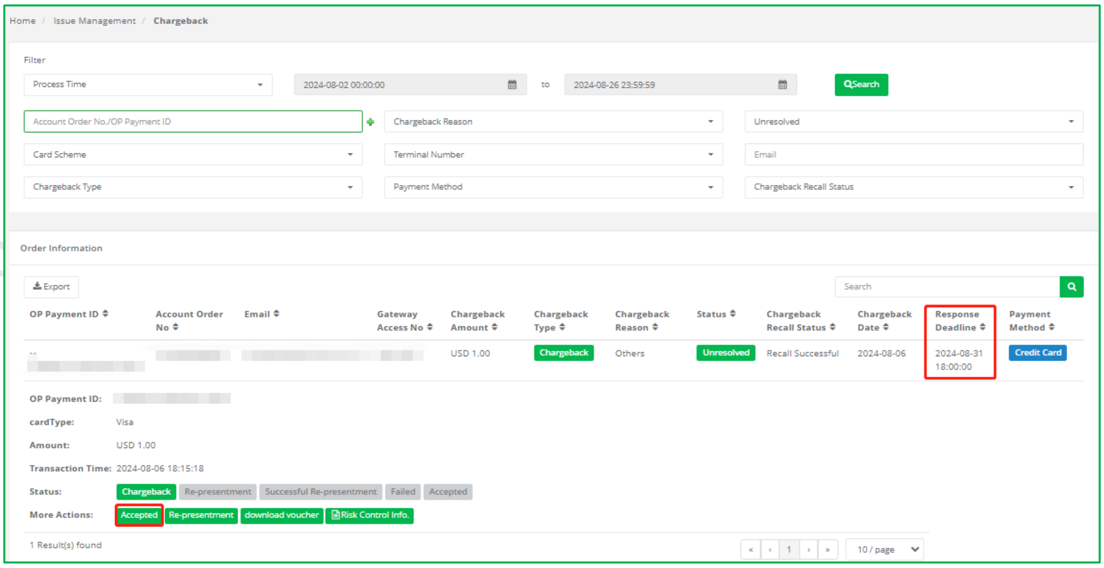
4.3 Export

1. Click [Export], you can download the search result.



4.4 Accept chargeback

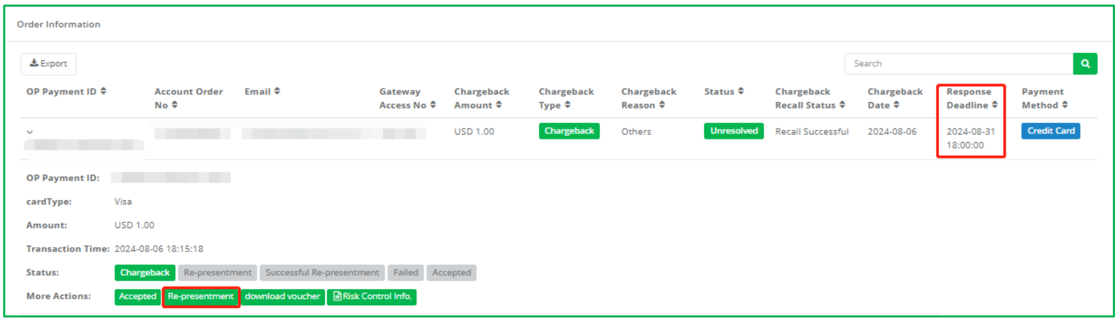
Accepted: It indicates that you accept this chargeback order and agree to the Bank's deduction of the chargeback amount corresponding to the transaction.



- ➢ As shown in the picture above: If you accept this chargeback, click [Accepted] before the response deadline: 2024-08-31 18:00:00. After clicking [Accepted], you cannot [Re-presentment].
- ➢ If the response is exceeded: 2024-08-31 18:00:00, the system will default to [Accepted], and you will not be able to [Re-presentment].

4.5 Initiate Re-presentment

Initiate Re-presentment: It indicates that the merchant does not accept the chargeback submitted to the card scheme from the cardholder or the card issuer, and needs to submit re-presentment to the bank to prove that the cardholder's dispute is invalid, so as to seek the return of the chargeback amount from the bank.

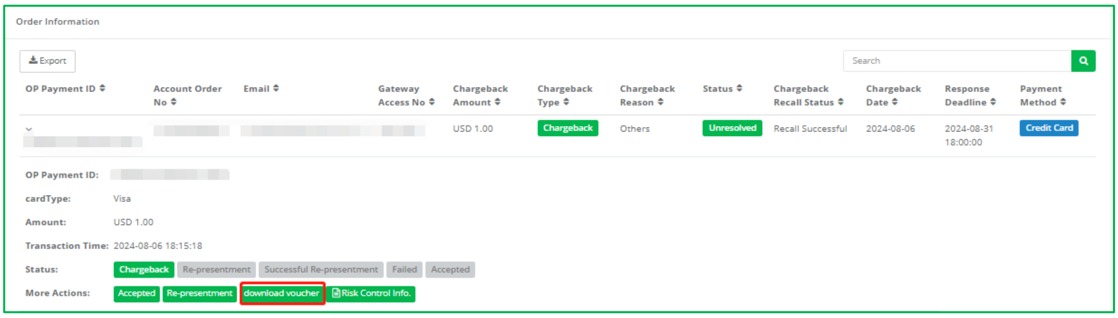


- ➢ As shown above: If you do not accept this chargeback, click [Re-presentment] before the response deadline: 2024-08-31 18:00:00. After clicking [Re-presentment], you cannot [Accepted].

- If the response is exceeded: 2024-08-31 18:00:00, the system will default to [Accepted], and you will not be able to [Re-presentment]. If a merchant wants to submit re-presentment information, he or she must [Re-presentment] from the account backend before the [Response Deadline].
- In the Visa VCR chargeback process, if the chargeback reason is classified in Allocation (Fraud and Authorization), **the merchant can no longer submit a representation request. The chargeback notification indicates that the Visa chargeback transaction has entered the represented failed status. If the merchant submits the information, it means that the transaction is accepted to enter pre-arbitration (the card organization may directly upgrade from pre-arbitration to arbitration); if it is upgraded to arbitration, the merchant needs to bear the high cost of entering arbitration.**

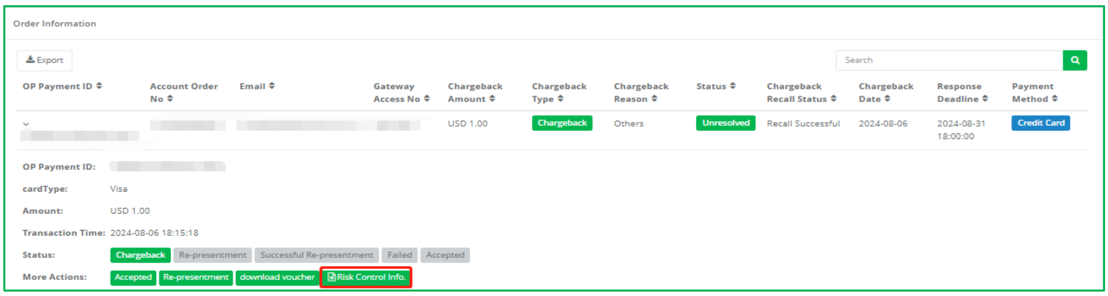
4.6 Download Voucher

1. Click [download voucher] to download the image file uploaded by the merchant.



4.7 Risk Control Information

1. Click [Risk Control Info.] to view the transaction and risk control details of this transaction.



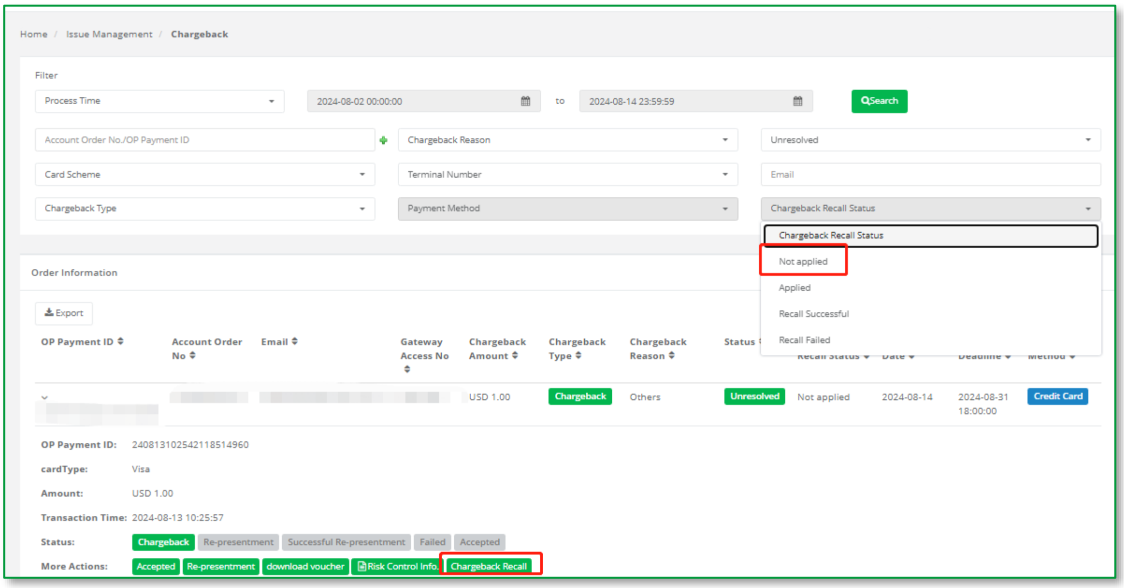
4.8 Chargeback Recall

Difference Between Chargeback Recall and Representment：Chargeback Representment is initiated by merchants who dispute a chargeback by providing evidence that the chargeback is invalid or unjustified, with the outcome determined by the issuing bank.

Chargeback Recall is a process where consumers proactively cancel a chargeback with the issuing bank and agree to return the funds. Merchants must supply the necessary recall documentation for the acquiring bank to confirm the status with the issuing bank.

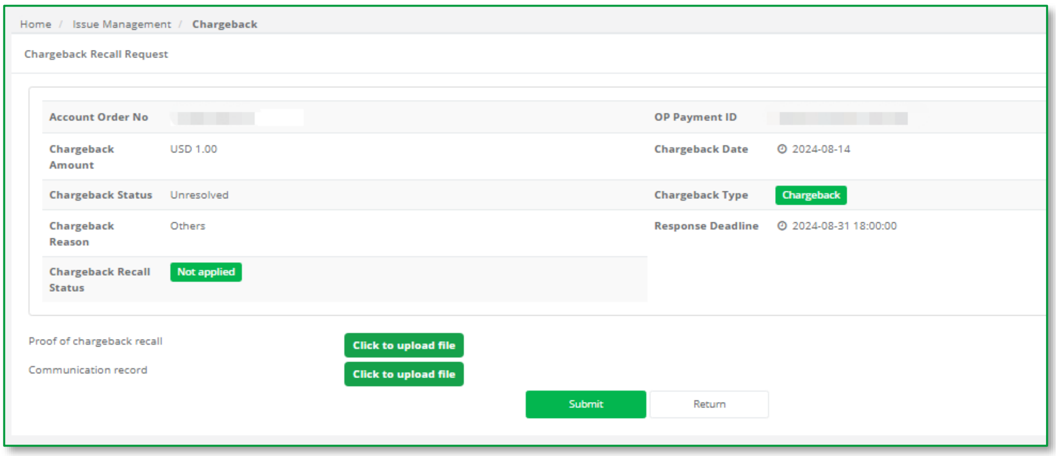
Conditions for Initiating Chargeback Recall：Depending on the chargeback process for different card types, the chargeback recall function may not be fully applicable to all orders. A chargeback recall request can be initiated if all the following conditions are met.

- Payment method is Credit Card, GooglePay or ApplePay.
- Chargeback amount is greater than 0.
- Chargeback type is classified as 'chargeback'.
- Chargeback status is either 'Unresolved' or 'No response required'.
- The request is made within 15 days of the chargeback date.
- The chargeback recall status is 'Not applied', or it has been more than 7 days since the first unsuccessful recall attempt.



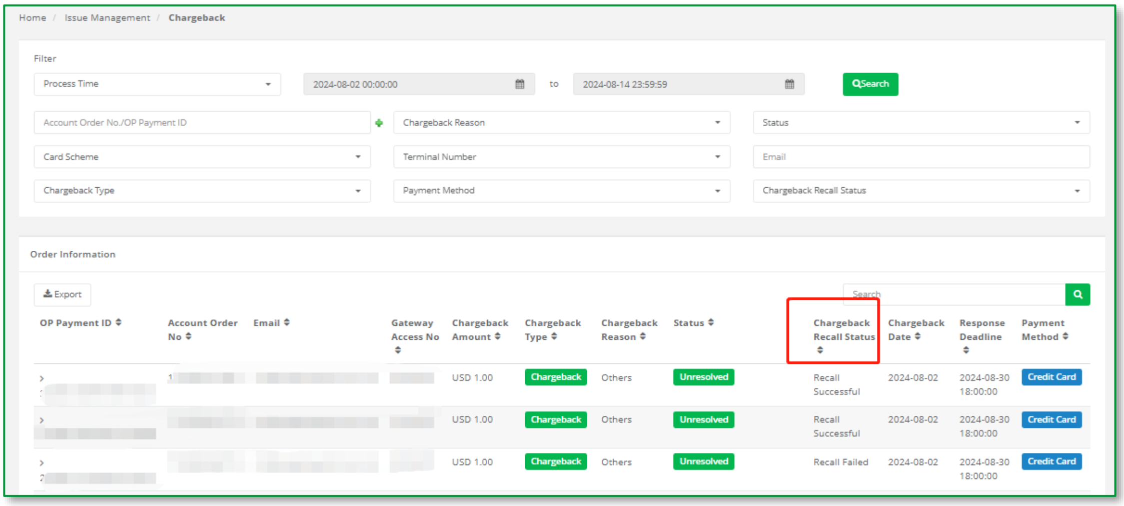
How to Initiate a Chargeback Recall Application：

- As shown above:Set the recall status filter to 'Not Applied'.
- Click on the order details dropdown and select "Chargeback Recall" to access the chargeback recall proof submission page.
- Proof of chargeback recall (required): Supports formats doc, docx, pdf, jpg, jpeg.
- Communication record (optional): Same format support as for proof.
- File limit: 3MB per file, with a maximum of 5 files allowed.
- Initiation Timeframe: Within 15 days from the date of the chargeback.
- Number of submissions: Up to 2 attempts are permitted, with at least 7 days between attempts.
- Supported Order Initiation Quantity: Only single transactions can be initiated; batch initiation is not supported.



Feedback on Chargeback Recall Outcome

- Feedback provided within 5 business days.
- Recall Failed: If the consumer does not cancel the chargeback, the current status is maintained (a second attempt can be initiated after 7 days).
- Recall successful: If the consumer cancels the chargeback, the funds are returned through the successful representment status.



5. Credit card Re-presentment process

5.1 When to initiate Re-presentment

- The merchant believes that the chargeback by the cardholder is unreasonable and the merchant has sufficient information to support the re-presentment

- The merchant has sufficient supporting information to prove that the goods or services were provided to the cardholder correctly.

5.2 Scenarios where re-presentments are not supported

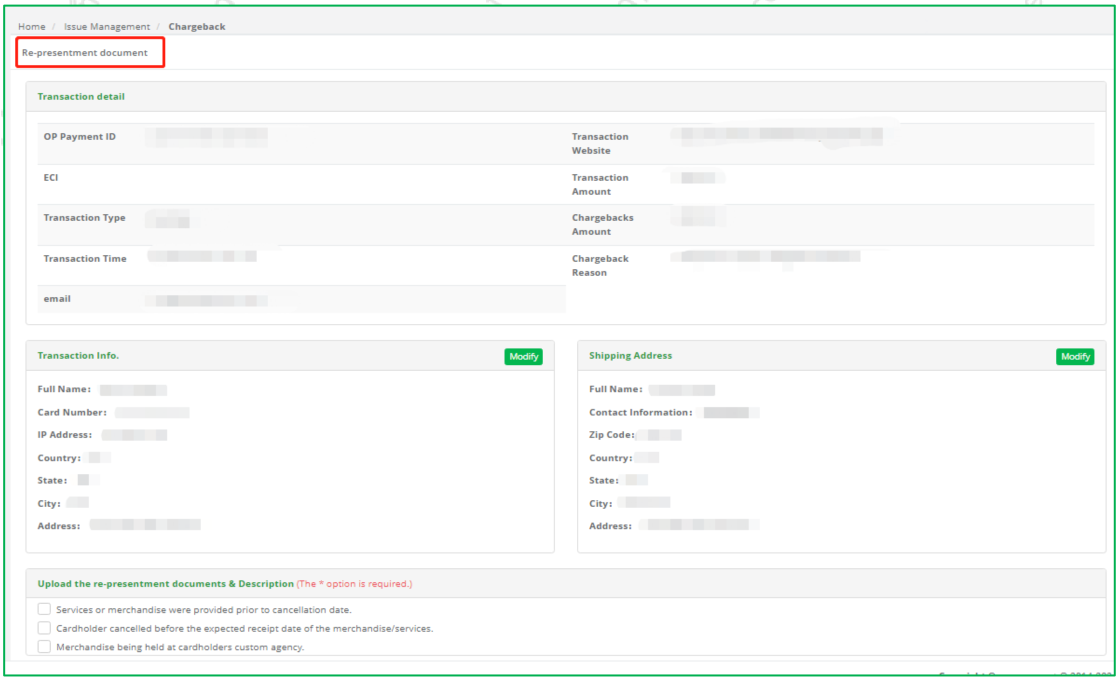
- Refunded transactions: Transactions with a chargeback amount of 0
- Brazil local credit cards: Do not open re-presentment process, need to accept the chargeback by default.
- Mexico local credit cards: Do not open re-presentment process, need to accept the chargeback by default.
- RDR: International credit card Visa, RDR chargeback alert transaction
- International Credit Card Discover: Retrieval request orders that have not been responded to resulting in escalation to chargeback, not supported re-presentment when chargeback occurred
- Klarna chargeback: Klarna's dispute process is [No response required - Dispute - Chargeback], once chargeback occurs, the dispute result is indicated as chargeback, and no longer supports the re-presentment.
- Korea Local Payment: Dispute process is [Retrieval request - Chargeback], once chargeback occurs, it indicates that the result of the dispute retrieval request is chargeback, and no longer supports the re-presentment.

Scenarios that do not support re-presentment displayed effect in the system: The response deadline has expired when the chargeback is updated.

5.3 Requirements for the document

- Information is correct and complete

- Click [Re-presentment] to enter the [Re-presentment document] submission interface. As shown below [Transaction Information] and [Shipping Address], please click the [Modify] button to fill in the corresponding information correctly and completely.

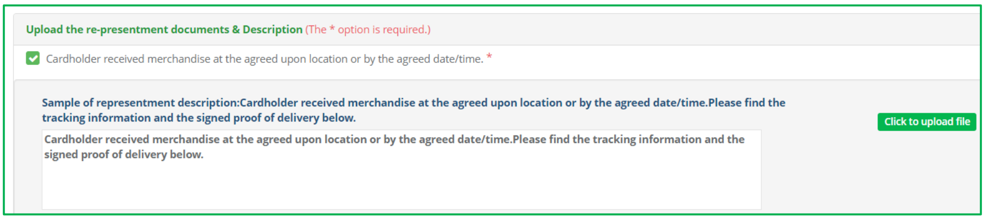


- Document should be in English

Since the working language of the acquiring bank is English, in addition to the information filled in by the cardholder, the Re-presentment document submitted by the merchant should also be in English. Please do not use Chinese.

- More comprehensive information submission

After the online upgrade of the Re-presentment document, it not only provides a more comprehensive selection of materials but also provides corresponding sample text for merchants to use. Please refer to the following illustration:

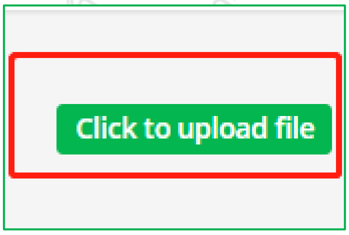


Merchants can submit multiple options and provide corresponding certification materials according to their own circumstances (1 to 5 pictures can be provided for each certification material).

In short, the more comprehensive and effective the information in the Re-presentment document is, the greater the chance of the representment to be approved.

- The supporting materials must be valid pictures.

The supporting materials must be pictures, and 1 to 5 pictures can be provided. The picture should be clear, and the single picture should be within 3M; the picture should be related to the representation and is to support it.



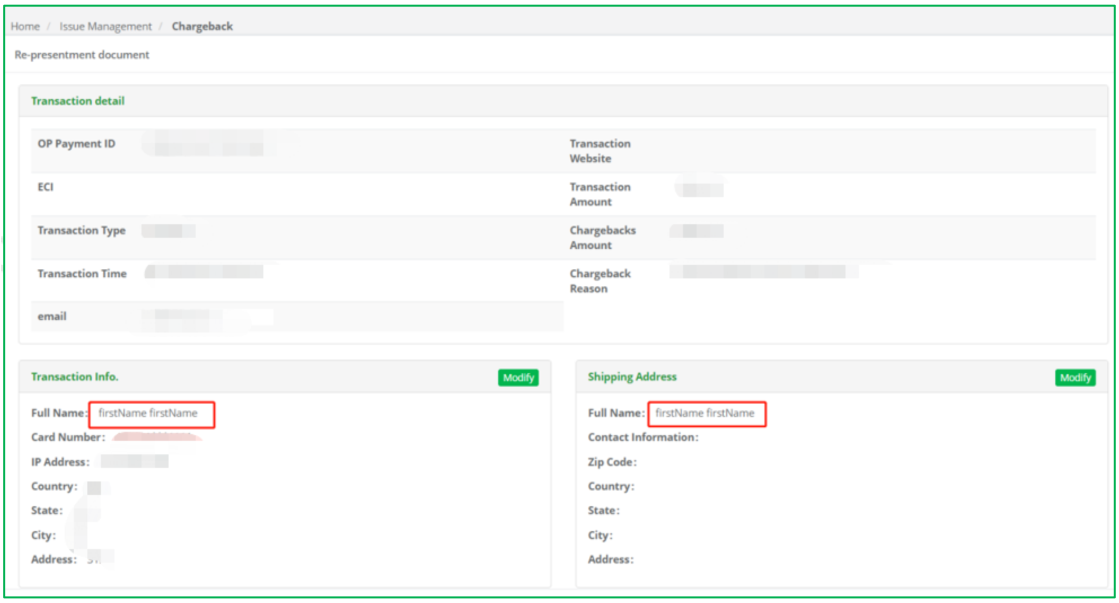
5.4 Common problems with Re-presentment document

- Document is in Chinese

Since the working language of the acquiring bank is English, in addition to the information filled in by the cardholder, the materials submitted by the merchant must be in English. Please do not use Chinese.

- Duplicate names

As shown below: The names in the transaction information and the Shipping Address are duplicated (firstName firstName). When submitting the complaint information, the merchant needs to click [Modify], and the corrected name will be (firstName). If the names below are repeated, please check the screenshots of other materials to see if there are duplicates of the same name. If so, please correct it.



- Information is inconsistent

The information on the screenshots of each complaint file is inconsistent, such as

- Transaction details are inconsistent with the name on the credit card information
- The delivery address in the transaction details is inconsistent with the address in the Shipping Address
- The cardholder's billing address is inconsistent with the cardholder's billing address in the transaction details.

- The Re-presentment document contains the consumer's personal card information

Due to the confidentiality of consumers' personal information, the Re-presentment document is allowed to contain some of the consumers' personal information, such as identity documents, passports, credit cards, etc.

- The goods in transit were not signed for

For chargebacks caused by " Merchandise/Services Not Received ", the shipping details of the goods that are still in transit are not allowed to be provided. You should provide the shipping details of the goods that have been signed for.

- Unable to prove that the goods are consistent

- For chargebacks caused by " Not as Described or Defective Merchandise/Services ", you cannot only provide shipping details or product details. You should provide proof that the goods sent are consistent with the goods received by the consumer.

- In this case, it is recommended to negotiate with the consumer first whether to return or exchange the product, so that the communication information after the agreement with the consumer can be provided when applying.

5.5 Update on Re-presentment

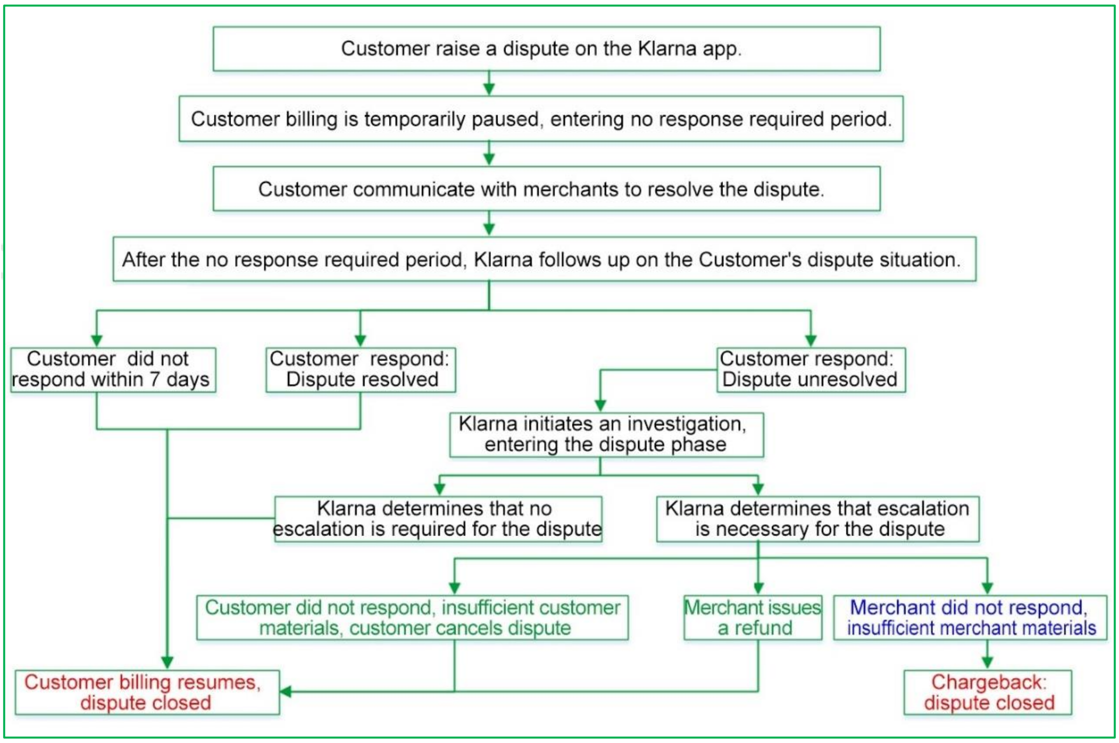
- When [Initiate Re-presentment] in the account backend, the corresponding result will be updated in the account backend within 120 days of [response deadline].
- If the [Successful Re-presentment], the result will be updated in the account backend within 120 days of the [response deadline]; if the [response deadline] exceeds 120 days, it means that the transaction [Failed].
- Oceanpayment will update the [Successful Re-presentment] to the account backend at the end of each month.

6. Klarna Chargeback

1. Klarna Dispute processing flow is as follows:

- [No response required]: Merchant communicates with the consumer
- [Dispute]: Klarna intervenes and the merchant needs to response to Klarna
- [Chargeback]: Merchant does not respond to the dispute, or Klarna decides that the merchant's dispute re-presentment is failed.

Once Klarna incurs chargeback, the Klarna Dispute process ends and the merchant has no further opportunity to initiate re-presentment.

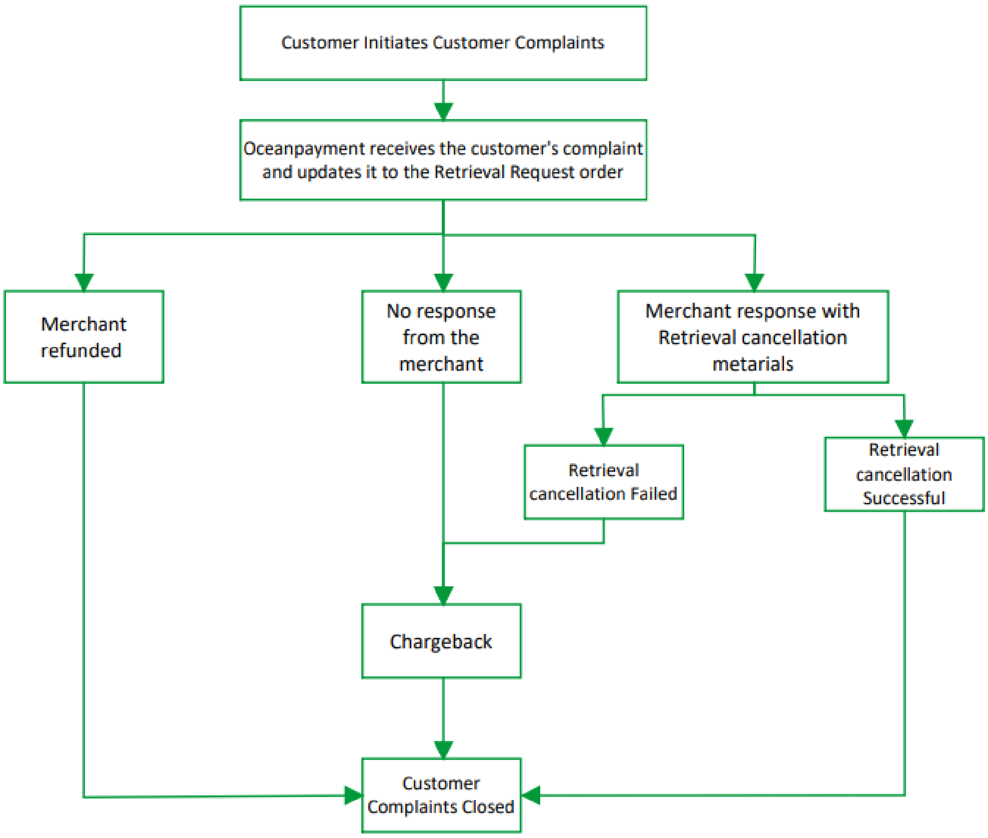


7. Korean Local Payment Chargeback

1. Korea Local Payment Dispute processing flow is as follows:

- [Retrieval Request]: Merchant needs to reply to Korea Local Payment Bank.
- [Chargeback]: Merchant does not respond to the dispute, or Korea Local Payment decides that the merchant's dispute re-presentment is failed.

Once Korea Local Payments incurs chargeback, the Korea Local Payments Dispute process ends and the merchant has no further opportunity to initiate re-presentment.


Customer Initiates Customer Complaints
Oceanpayment receives the customer's complaint and updates it to the Retrieval Request order
Merchant refunded
No response from the merchant
Merchant response with Retrieval cancellation metarials
Retrieval cancellation Failed
Retrieval cancellation Successful
Chargeback
Customer Complaints Closed

Simplify the Global Payment

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