



Helpful Tips to Reducing Disputes

How to manage Dispute Inquiries and Chargebacks



Understanding Merchant Disputes & Chargebacks



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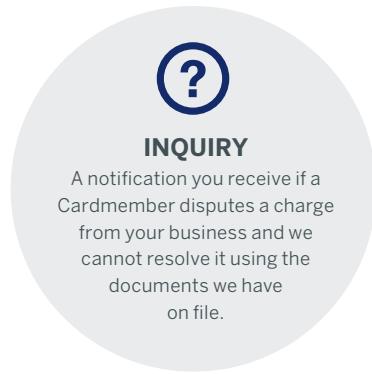
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This guide is intended to provide you with general guidance on how to manage Disputes inquiries and upfront Chargebacks, information about your role in the process and recommendations to help you avoid Disputes.

A **Dispute** happens when a Cardmember doesn't recognize a transaction, does not agree with the amount of the transaction, or wants additional information about the transaction.

A **Chargeback** happens when American Express debits your account after a dispute is closed due to various reasons. An example of some of the reasons could be: a Cardmember has provided evidence of an unauthorized transaction, you do not reply to a dispute inquiry within the specified timeframe or the response is insufficient.

American Express Dispute Process



INQUIRY

A notification you receive if a Cardmember disputes a charge from your business and we cannot resolve it using the documents we have on file.



In certain cases American Express may issue an Upfront Chargeback. To get more information on the upfront chargeback process, please refer to [Appendix: Upfront Chargeback](#)

Fraud Full Recourse Chargeback allows the issuers the right to transfer liability of all fraud types, including counterfeit Cards, to the Acquirer for any S/E subject to this charge.

How to Reduce Disputes

Common causes for Disputes and how to avoid them



Cause

1. No Knowledge of the Charge

Cardmember claims to not recognize or remember the Charge.



2. Unauthorized Charge

Cardmember claims Charge was not made or was unauthorized.



3. Duplicate Charge

Cardmember billing statement reflects an individual Charge submitted more than once.



4. Cancelled Products/Services

Cardmember claims that the goods or services ordered were cancelled.



How To Avoid

- Maintain consistent information on your billing descriptor and include "doing business as" name and location, so Cardmembers recognize your business Charges on their statement.
- Provide business phone number in the billing descriptor so Cardmembers can call directly if they have questions.

- Ensure the Card is present for all Card Present transactions and when required obtain the Cardmember's signature on the Charge record (except when the Charge qualifies for the No Signature Program). For CHIP and PIN cards, ensure that your customer enters a PIN. Training staff to do this can also be useful.
- For transactions where card is not present, ensure you keep a copy of any express consent from the Cardmember such as billing authorizations, terms and conditions, signed Proof of Delivery to the Cardmember's full billing address and proof that the Cardmember was advised of any additional or delayed Charges.

- Ensure the transaction has not been processed before charging again.
- Review all receipts to check if the Cardmember has been billed twice.

- If the charge was already submitted, submit the credit on the same day cancellation is received.

How to Reduce Disputes

Common causes for Disputes and how to avoid them



Cause

5. Goods/Services Not Received

Cardmember was billed for goods or services he/she claims have not been provided.



6. Returned Merchandise

Cardmember claims the goods or services were returned, but did not receive a Credit.



7. Goods/Services Not as Described

Cardmember claims to have received goods and/or services that are different than the written description provided at the time of the Charge.



8. Cancelled Recurring Billing

Cardmember continues to be billed after he/she claims to have cancelled goods or services.



How To Avoid

- Submit Charges only after goods and services have been shipped or provided.
- When shipping goods, always confirm and ship to the Cardmember's full billing address and request Proof of Delivery on all items.
- Do not submit Charges for back-ordered items.
- Process and submit return credit immediately after receiving goods.
- Provide detailed item descriptions on invoices and in online order confirmations and contracts.
- Clearly and prominently display contact information and instructions in the event goods/services are not provided as stated.
- Ensure to generate a contract to reflect the service agreement. Process cancellations immediately and always provide the Cardmember with a cancellation number or confirmation.

ADDITIONAL TIP:

Always post return and cancellation policies where they can be seen prior to the transaction, e.g., near the register or on online checkout pages or include the disclaimer in the transaction receipt.

Frequently Asked Questions



Why would a Cardmember dispute a charge?

In general, most Disputed Charges stem from:

- A Cardmember's dissatisfaction with some aspect of the purchase, (e.g., a failure to receive the merchandise, duplicate billing of the same Charge, incorrect billing amount, no knowledge of the Charge), or
- Fraudulent Transactions.

Will I be notified of a Dispute or Chargeback?

If a Cardmember questions a Charge, and the data we hold is insufficient to resolve the issue, we may send you an inquiry letter.

In certain circumstances, we make a Chargeback without sending an inquiry letter. This may happen with Merchants who receive a lot of Disputes, or conduct transactions in what we consider to be high risk categories. If any inquiry results in a Chargeback to your Account, we will notify you accordingly.

What is an inquiry letter?

When we are unable to resolve a Dispute using our own data, we may send you an inquiry letter. This outlines the reason for the Dispute and specifies the documents we require from you. Please ensure that you respond with all the required information by the reply-by date given.

What should I do once I receive a dispute inquiry letter?

If you agree with the dispute/chargeback, there is nothing you have to do. If you do not agree with the dispute, please follow the instructions in the inquiry letter to respond with the required documentation.

How long do I have to reply?

You will have 20 days to respond from the date printed on the letter. Please ensure you send the required documentation before the due date detailed in the notification.

What will happen If I do not reply an inquiry?

The disputed amount will be debited from your account. Additionally you may lose the opportunity to ask for a chargeback reversal.

What type of document do I need to send to American Express?

The documentation would depend on the dispute type. Keep a record of Cardmember consent, transactions details, cancellation, refund and delivery policies and any other document that could support the transaction.

I sent the documentation requested, why was the chargeback still applied to my account?

If the information we received from you is incomplete or illegible, we may need to process / maintain the chargeback. However, you may send more documentation to support your case and ask for a reversal.

Want to access up to date information on your Disputes & Chargeback inquiries?

Log in to your Merchant Account online or register at www.americanexpress.ca/merchant.

Appendix: Upfront Chargeback Process

