



**American Express® Cards**  
chargebacks, disputes and fraud



*My life. My card.*



## **This guide provides information about how we can work together to avoid disputes and chargebacks.**

You will also find some handy tips on how to minimise the risk of fraudulent transactions.

### **We aim to:**

- help minimise costs; and
- avoid misunderstanding associated with enquiries and chargebacks for you and your customers.

### **What is an authorisation?**

- A code obtained from the bank that indicates that the account has sufficient credit available.
- An authorisation is not a guarantee of payment.
- An authorisation does not verify that the person presenting the Card is the Cardmember.
- If the authorised amount is higher than the value of the guest's final bill, it is important that you process an authorisation reversal for the difference between the authorised amount and the value of the Cardmember's final bill (applicable to hotels and car rentals only).

### **What is preauthorisation?**

A preauthorisation is only needed when a Cardmember books a service in advance on an estimated amount for the service. If the total amount exceeds the original authorisation by 15% and the total exceeds your floor limit, an additional authorisation for the amount over the original authorisation must be obtained.

## What is a chargeback?

A transaction may be returned because it was non-compliant with the association rules and regulations or because it was disputed by a Cardmember.

### Reasons for a chargeback:

- The Merchant did not provide a copy of the sales slip within the required timeframe.
- The account number on the sales slip did not match the embossed number on the Card.
- The Cardmember did not sign the sales slip.
- The Cardmember was incorrectly charged for car rental damage, or extraordinary fees related to the damage, without the correct consent (applicable to rentals only).
- Neither a card imprint nor a signature was obtained.

**Note 1:** Split transactions: the merchant may not allow a Cardmember to split transactions or carry out multiple Card transactions on any single day if the total cost of these transactions would exceed the floor limit. The merchant may also not charge parts of a single transaction on different dates in order to bypass authorisation or take any other measures that would have this effect

**Note 2:** Where a direct chargeback is received (ie there is no voucher request from American Express), the amount will be debited to the merchant's nominated bank account. The merchant will be advised by American Express in writing of the chargeback with the reason.

### Notifying you about a dispute or chargeback

Should a Cardmember question a charge, we try to resolve it at American Express. Failing that, we may contact you for further information.

**We will send you a 'Request for documentation' letter describing the reason for the dispute and detailing the documents we require from you in support of the transaction. Please ensure you respond to this letter by the 'reply by' date indicated on the letter.**

In certain circumstances, such as 'no authorisation' and 'duplication of transactions', we will debit disputed charges without sending a 'Request for documentation' letter. You will be notified about these chargebacks in the form of an 'Advice of chargeback received' letter that will be faxed or emailed, depending on your preferred method of contact.

## How to handle a 'Request for documentation' letter

Should you receive a 'Request for documentation' letter, you can respond either by **fax or email**.

**Please ensure that you send all the documents we have requested in the 'Request for documentation' letter before the 'reply by' date on the request.**

If you don't reply by that date, American Express will deduct the charge value from your merchant account.

## Next steps once you have returned the 'Request for documentation' letter

**Once we receive this, we will either:**

- request that the Cardmember pay the charge; or
- debit your account because the Cardmember's claim hasn't been dealt with adequately.

## How to avoid disputes and chargebacks, whatever your business

Most Cardmember disputes can be avoided.

**See below for some helpful hints.**

- Ensure your trading name appears correctly on Cardmember statements. To check your trading name call our Merchant Client Services on **011 667 8173** or contact your sales representative.
- To help the Cardmember recognise the transaction, provide as much data as possible, eg itemise the bill by room, restaurant or minibar.
- Advise Cardmembers of your returns policy for damaged and unwanted goods or cancellations of any kind.
- Ensure you always obtain an authorisation code for the full value of the transaction.
- Never split a charge to avoid your floor limit threshold or to skip authorisation.
- For signature Cards please ensure that your staff verify the signature against the one on the Card.
- Check the Card to see that it is not altered, damaged, or expired.
- Ensure you keep all records of sales and charges so any disputes can be more easily resolved.

## Hotel and restaurant merchants



Disputes commonly arise from ‘no show’ reservation charges, ie where reservations are made using the American Express Card and Cardmembers fail to show up.

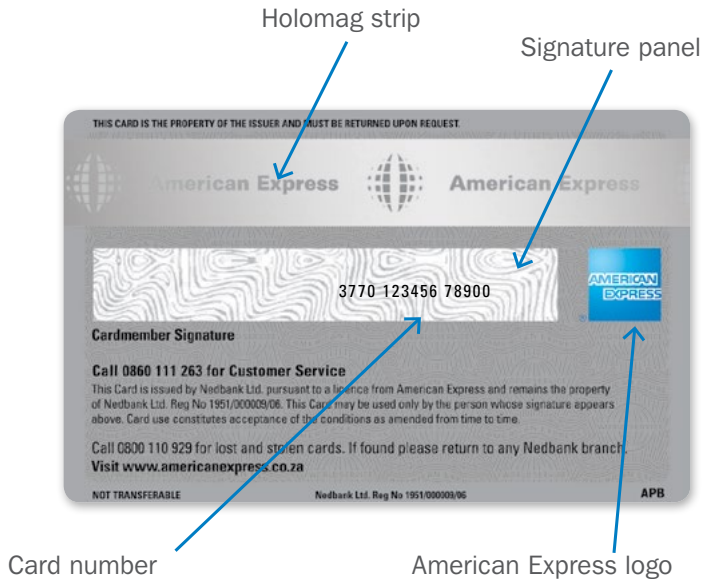
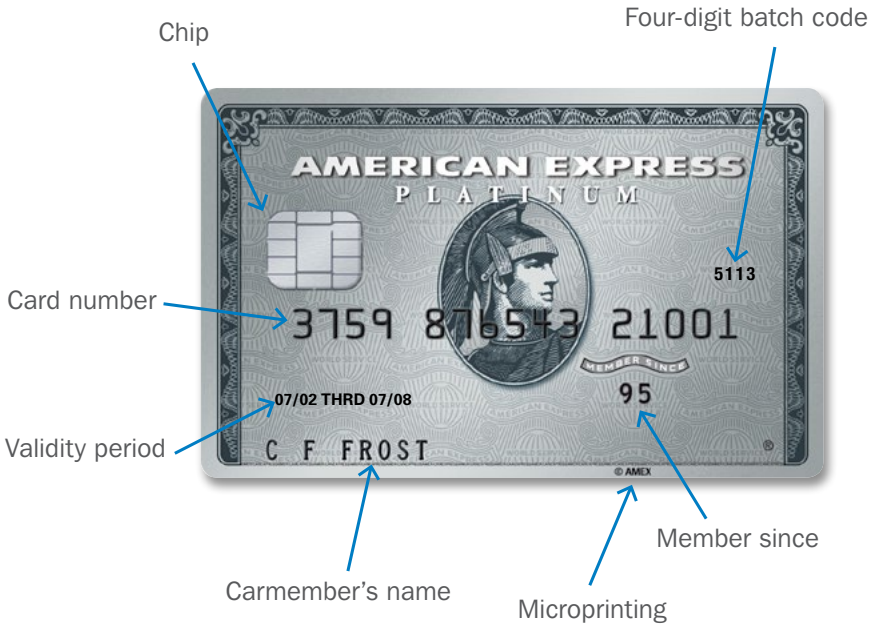
**We recommend the following:**

- Always record full details of the Card and reservation.
- Always give the Cardmember a cancellation number.
- Keep a record of the booking and the cancellation number.
- Indicate a ‘no show’ charge on your submission by clearly writing ‘no show’ on the voucher.
- Ensure that Cardmembers have consented to the full amount specified in the charges you submit by obtaining the Cardmember’s signature on the voucher.

**If you’re a mail order or internet merchant, ensure:**

- the Cardmember knows how long delivery takes;
- where possible, signed proof of delivery is obtained.

## Security features on American Express Cards





**American Express® Cards**  
**chargebacks, disputes and fraud**



*My life. My card.*