

NORTH CAROLINA OSC E-COMMERCE CONFERENCE & AMERICAN EXPRESS

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AMERICAN EXPRESS
GLOBAL SERVICING NETWORK



WHAT WE'LL COVER

- OUR DISPUTE PROCESS
- HOW TO HELP PREVENT DISPUTES
- WHAT TO DO WHEN PRESENTED WITH INQUIRIES AND CHARGEBACKS
- EXCITING UPDATES TO OUR POLICY
- QUESTIONS AND ANSWERS

AMERICAN EXPRESS DISPUTES PROCESS

WHAT IS A DISPUTE?

WHEN A CARD MEMBER QUESTIONS SOME ASPECT OF AN ITEM ON THEIR BILLING STATEMENT, HE/SHE DISPUTES THE CHARGE.



WHY MIGHT A CARD MEMBER QUESTION THE CHARGE?

- THEY DON'T RECOGNIZE THE CHARGE (FRAUD OR NON-FRAUD)
- THEY DON'T AGREE WITH THE AMOUNT
- THEY WERE CHARGED TWICE
- THEY NEVER RECEIVED THE ITEM
- THE GOODS OR SERVICES ARE NOT AS EXPECTED
- AND MANY MORE

WHAT IS AN INQUIRY?



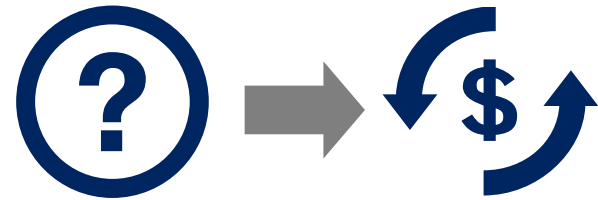
A CUSTOMER INQUIRY IS A NOTIFICATION THAT A CARD MEMBER DISPUTES A CHARGE, AND WE CANNOT RESOLVE IT USING THE DOCUMENTS WE HAVE ON FILE.

WHAT IS A CHARGEBACK?

A CHARGEBACK IS THE AUTOMATIC DEBIT OF FUNDS FROM THE MERCHANT ACCOUNT FOR THE DISPUTED AMOUNT. WE WILL SEND A CHARGEBACK NOTIFICATION FOR REVIEW.



UPFRONT CHARGEBACK



CHARGEBACK AFTER AN INQUIRY

AMERICAN EXPRESS DISPUTE PROCESS



A CARD MEMBER DISPUTES A CHARGE



INQUIRY

American Express sends an Inquiry notice



SUBMIT DOCUMENTS



CASE RESOLVED

The case may be resolved in your favor if you provide the appropriate supporting documents and information within the 20 day timeframe



CHARGEBACK

A Chargeback will be processed if: your reply is insufficient; you do not reply on time; or you authorize us



REVERSAL

A Reversal may be processed if you provide the appropriate supporting documents within the 20 day timeframe



CHARGEBACK STANDS

The Chargeback stands if: your reply is insufficient; or you do not reply on time



UPFRONT CHARGEBACK

American Express debits your account and sends you a notice



SUBMIT DOCUMENTS



HOW TO HELP PREVENT DISPUTES

CLEAR BILLING STATEMENT DETAILS



SET UP A CLEAR STATEMENT DESCRIPTOR
THAT THE CUSTOMER CAN RECOGNIZE

BE SURE TO PROVIDE A CUSTOMER SERVICE
TELEPHONE NUMBER TO APPEAR ON THE
STATEMENT

AT THE TIME OF PURCHASE



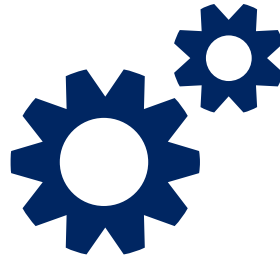
GET A SIGNATURE
FOR ALL CARD
PRESENT
TRANSACTIONS

KEEP A RECORD
OF CONSENT
AND PROOF
OF DELIVERY
FOR CARD NOT-
PRESENT
TRANSACTIONS

PROVIDE WRITTEN
CANCELLATION,
RETURN, REFUND
AND SPECIAL
TERMS POLICIES
AT TIME OF
PURCHASE

NOTIFY CARD
MEMBERS OF
THE EXPECTED
DELIVERY DATE

ADDITIONAL BEST PRACTICES



PROCESS AND
SUBMIT CREDITS
DUE AS SOON AS
POSSIBLE

FOR RECURRING
BILLING ENSURE
ALL PIPELINE AND
FUTURE BILLINGS
ARE CANCELLED
UPON REQUEST

DOCUMENT YOUR
RETURN/REFUNDO
R CANCELLATION
POLICY
ON THE SALES
SLIP OR EMAIL
CONFIRMATION

DO NOT SUBMIT
CHARGES UNTIL
GOODS HAVE
SHIPPED

HOW TO RESPOND TO THE MOST COMMON CHARGEBACKS AND INQUIRIES

HOW TO RESPOND

TO RESPOND TO A DISPUTE OR INFORMATION REQUEST OR APPEAL A CHARGEBACK, RESPOND WITHIN 20 DAYS OF NOTIFICATION WITH SUPPORTING DOCUMENTATION.

CHARGEBACKS

If we charge back your account, for any reason, you can use this section to learn more about what actions you can take.

INQUIRIES

You'll receive an Inquiry notification if a Card Member disputes a charge from your business and we cannot resolve it using the documents we have on file. This is the full list of Inquiry codes paired with suggestions for what kinds of documents you should submit to help avoid a Chargeback. To help avoid a "No reply" or "Insufficient reply" Chargeback, respond within 20 days with the suggested documents.

Code	What It Means	What You Can Do
004	The Card Member has requested the delivery of an item(s) or service(s) that was ordered but not received.	Please provide the service, ship the order, or provide proof of delivery/services rendered.
021	The Card Member claims the item(s)/service(s) was cancelled/returned, or the Card Member has been unsuccessful in an attempt to cancel the item(s)/service(s).	Please issue a credit, or provide a copy of your cancellation policy/contract signed by the Card Member and discontinue future billings.
024	The Card Member claims the order arrived damaged or defective and requests return authorization.	If a return is not permitted, please provide a copy of your return or refund policy.
059	The Card Member has requested the repair or replacement of an order that was damaged or defective.	Please provide return instructions and make the appropriate repairs, or provide a copy of your return/replacement policy and explain why the order cannot be repaired/replaced.
062	The Card Member claims the referenced charge should have been submitted as a credit.	Please issue a credit, or provide support and itemization for the charge and an explanation of why credit is not due.
063	The Card Member has requested reimbursement for an item(s)/service(s) that was not as your business described, or credit for the item(s)/service(s) as the Card Member is dissatisfied with the quality.	Please replace the item or issue credit for the item(s)/service(s), or proof that a credit has been issued.

DOCUMENTS MUST:

- Include a copy of the charge record/credit record and other supporting documentation*
- Address the specific dispute reason in the response
- Clearly explain all of the submitted documents and add any changes/edits made to the original purchase/agreement
- Update American Express with steps that have been taken to resolve the dispute

NO KNOWLEDGE

INQUIRY

127

WHAT DOES IT MEAN?

Card Member claims to not recognize or remember the charge.

WHAT SHOULD BE DONE TO PREVENT A CHARGEBACK?

Respond to the Inquiry, or request for information, with as much context about the charge as possible.

Provide:

- A charge record that includes:
 - Card number
 - Card Member name
 - Merchant location
 - Transaction date or the date goods or services were shipped or provided
 - Transaction amount
 - Authorization approval
 - Description of goods or services
 - Copy of the signed receipt or other proof of Card Member consent to bill
- Proof of delivery with the full delivery address (if the charge relates to items that were shipped)

DEADLINE TO RESPOND?



CANCELLED PRODUCT OR SERVICE

CHARGEBACK

C05
retail/service

C18
lodging

C28
recurring billing

WHAT DOES IT MEAN?

Card Member claims that the goods or services ordered were cancelled.

WHAT SHOULD BE DONE TO APPEAL THE CHARGEBACK?

To appeal this Chargeback respond with as much detail as possible.

First, make sure to address the status of the cancellation. If there is no record of the Card Member cancelling the charge, please advise us.

Provide:

- A copy of the cancellation policy,
- An explanation of the procedures for disclosing it to the Card Member, and
- Details explaining how the Card Member did not follow the cancellation policy
or
- A copy of the charge record indicating the terms and conditions of the purchase, and
- Details explaining how the Card Member did not follow the policy
or
- Proof that a credit which directly offsets the disputed charge has already been processed

Additionally, if THE MERCHANT HAS a recurring billing agreement with a Card Member that cancelled THEN all future billings MUST BE CANCELLED

DEADLINE TO RESPOND?



CARD NOT PRESENT



F29

WHAT DOES IT MEAN?

The Card Member denies participating in a mail order, telephone order, or internet charge, and claims it is fraud.

WHAT SHOULD BE DONE TO APPEAL THE CHARGEBACK?

To appeal this Chargeback respond with as much detail as possible.

Provide:

- Proof that the Card Member participated in the charge (e.g. billing authorization, usage details, contract)
- or
- Proof OF AN ATTEMPT to validate the CID WITHOUT A RESPONSE OR WITH AN UNCHECKED RESPONSE.
- or
- Proof OF ADDRESS VALIDATION via authorization and shipped goods to the address we have on file
- or
- Proof that a credit which directly offsets the disputed charge has already been processed

DEADLINE TO RESPOND?



NO REPLY & INSUFFICIENT REPLY



R13

NO REPLY

We did not receive your response within the specified timeframe.

HOW TO AVOID

Respond to the Inquiry within **20 days**, with the appropriate documents and information. Refer to the guide.

R03

INSUFFICIENT REPLY

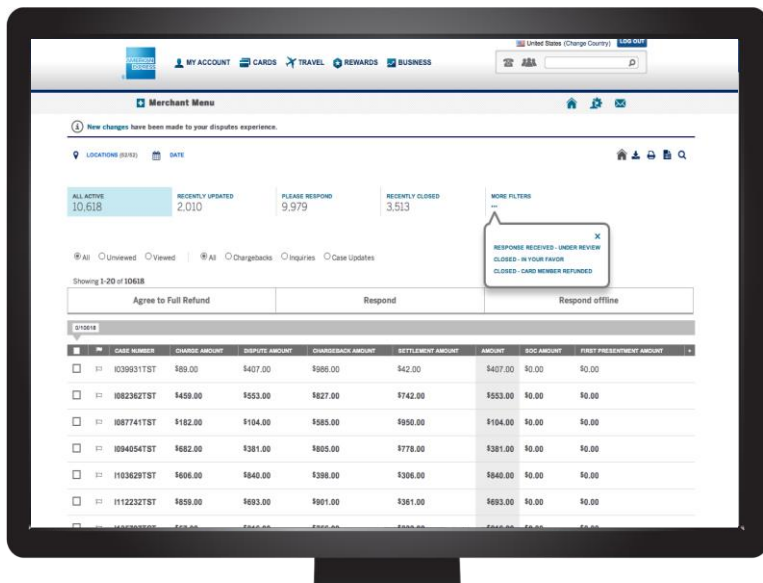
Complete support and/or documentation were not provided as requested.

HOW TO AVOID

Respond within **20 days** and ensure you have provided the appropriate supporting documentation and explanation.

WHERE TO RESPOND TO DISPUTES

ONLINE DISPUTES MANAGEMENT



Login at:
www.americanexpress.com/merchant

MAIL OR FAX



NON-FRAUD
MAIL

AMERICAN EXPRESS CREDIT
CARD ACCOUNT CUSTOMER
SERVICE DEPARTMENT
PO BOX 981532
EL PASO, TX 79998



FAX
623.444.3000



FRAUD
MAIL

OVERNIGHT/SIGNATURE
REQUIRED AMERICAN
EXPRESS
DATAMARK, INC.
43 BUTTERFIELD CIRCLE
EL PASO, TX 79906-5202

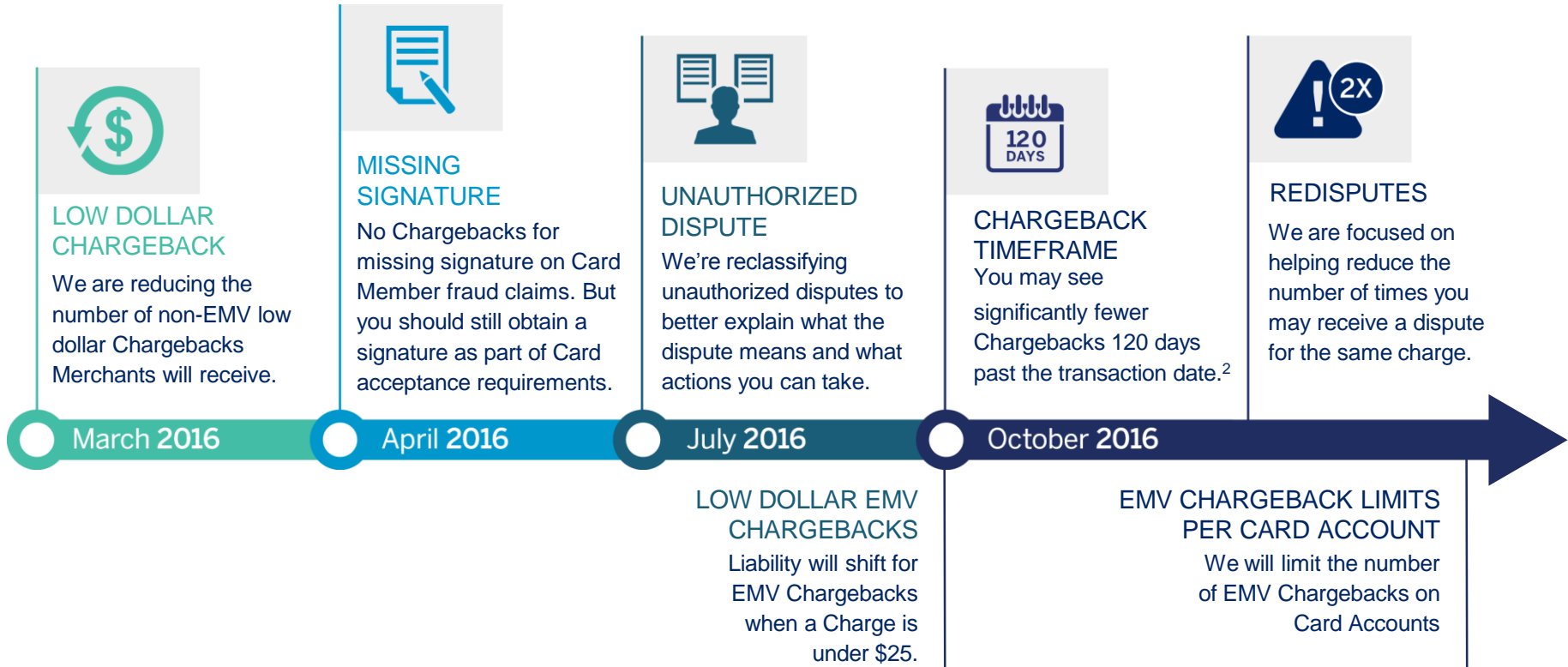


FAX
623.444.3003

AMERICAN EXPRESS POLICIES ENHANCEMENTS

IMPROVED POLICIES, FEWER CHARGEBACKS

We're always looking for ways to enhance our policies. We've heard your feedback and soon you'll see new policies to help you manage your disputes.¹



1. For accurate and up-to-date information about policies and procedures, please refer to the Merchant Regulations. This can be found at www.americanexpress.com/merchantpolicy
2. Some exclusions apply

CLEARER DISPUTE CATEGORIES

We are reclassifying “unauthorized” disputes into more precise and established categories.



SOME CATEGORIES YOU’LL SEE INSTEAD

UNAUTHORIZED DISPUTES: A THING OF THE PAST:

- 1 Did not explain the reason why the Card Member was disputing the charge
- 2 Supporting evidence to prevent this kind of Chargeback wasn’t clear
- 3 Very lengthy timeframes made it difficult to remember necessary details

CANCELLED RECURRING BILLING	DISSATISFIED
NO KNOWLEDGE	NOT RECEIVED
OVERCHARGED	DUPLICATE BILLING
FRAUD	RETURNED
CANCELLED	DAMAGED

THIS IS INTENDED TO HELP YOU:

-  Avoid “No Reply Chargebacks” from simply not knowing *how* to reply.
-  Get clear direction on how to respond and what documents can be used as supporting evidence.

ENHANCEMENTS TO REDUCE CHARGEBACKS

We are taking steps to help reduce the number of non-EMV low dollar amount Chargebacks you may receive and eliminating the 'Missing Signature' Chargeback for fraud altogether.



LOW DOLLAR
CHARGEBACKS

These Chargebacks can add up. We're reducing the number of non-EMV low dollar Chargebacks Merchants see.



MISSING
SIGNATURE
CHARGEBACK

You'll no longer receive fraud Chargebacks for a missing signature. However, getting a signature is still required, as part of the Card acceptance agreement, because it is the best form of proof that the Card member was present at the time of the charge.

LIMITATIONS ON DISPUTES

We are helping to reduce the number of times you may receive a dispute for the same charge and limiting the timeframe in which you may receive a Chargeback

NO MORE THAN
2 DISPUTES
PER TRANSACTION
IN MOST CASES



We are focused on helping reduce the number of times you can receive a dispute for the same charge.

CHARGEBACKS
IN 120 DAYS
OR LESS



We're limiting the Chargeback window to 120 days from the date of the transaction.

A few exceptions:

1. Goods/services not received;
2. Goods/services returned/canceled;
3. Re-disputes. In these instances the timeframe can extend.

CHANGES TO THE EMV CHARGEBACK POLICY

To help limit your fraud costs as you upgrade your point-of-sale systems, and to promote further adoption of EMV in the U.S, we are making important changes to our EMV Chargeback policy.¹

LOW DOLLAR CHARGEBACK THRESHOLD



By August 2016, you will not be held liable for EMV Chargebacks when a Chargeback is under \$25.

CHARGEBACK LIMITS PER CARD ACCOUNT



By the end of 2016, American Express also plans to limit the number of counterfeit fraud Chargebacks to a total of 10 per card account.

The card issuer will bear the financial liability for any additional counterfeit fraud transaction that is disputed on a card account after 10 Chargebacks. This limit does not prevent a Card Member from disputing additional fraudulent transactions.

1. These changes will span the time-frame from implementation to April 2018.

MORE CLARITY TO RESPOND TO A DISPUTE ONLINE

We're revising reason codes on the merchant site to better align with the merchant regulations and the merchant guide, in order to help you avoid "No Reply" or "Insufficient Support" Chargebacks.

Check the Reference Guide on the Merchant Site for a list of reason codes paired with suggestions for what kinds of documents you should submit to help avoid a Chargeback.



QUESTIONS?

THANK YOU
