
**The
American Express®
Inquiry and
Chargeback Policy
and Procedure
Guide for
Merchants**

reduce
chargebacks
and
inquiries



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This guide will acquaint you with the way American Express processes inquiries and chargebacks and help you understand how American Express' processes differ from those of other cards you may accept.

We have included the following items in this guide:

- A discussion of the American Express inquiry process;
- A review of the ways to process inquiries;
- An explanation of various inquiry types and necessary support documentation;
- A statement of Card Acceptance policies;
- An overview of American Express' chargeback policies;
- An explanation of chargeback categories;
- Tips for avoiding inquiries and chargebacks, and preventing fraud.

This document clarifies differences between how American Express and many bankcards operate. Where terminology differs, we have aligned terms to avoid confusion.

This guide is intended only as a general explanation of American Express' inquiry and chargeback policies and procedures. It provides meaningful hints on how to minimize costs associated with inquiries and chargebacks. Familiarity with inquiry and chargeback rules can help both parties avoid costly misunderstandings. Please keep this guide in a convenient spot for quick reference.

Your Card Acceptance Agreement may provide you with rights and/or obligations other than those described in this guide and should be consulted before responding to any particular inquiry or chargeback.

The information in this guide is current as of the printing date, but is subject to change.

2.

The American Express Transaction Cycle

In this section, the American Express transaction process flow is reviewed. Knowledge of the various process phases will help you understand when particular communications will likely be received and what they mean.

Processing Charges

The first step in the cycle involves processing the transactions you submit. If, for some reason, a submission contains an invalid Card number, the submission is processed and the invalid charges are debited to your account as *submission chargebacks*. These types of chargebacks are rarely received by Merchants that submit their transactions electronically. (See Exhibit 1 – Transaction Cycle, reference A.)

Merchant Payments

You are paid for your submission, less chargebacks, credits and other adjustments (e.g., terminal charges, discount, etc.), in accordance with the agreed upon settlement time frame outlined in your Card Acceptance Agreement. (See Exhibit 1 – Transaction Cycle, reference B.)

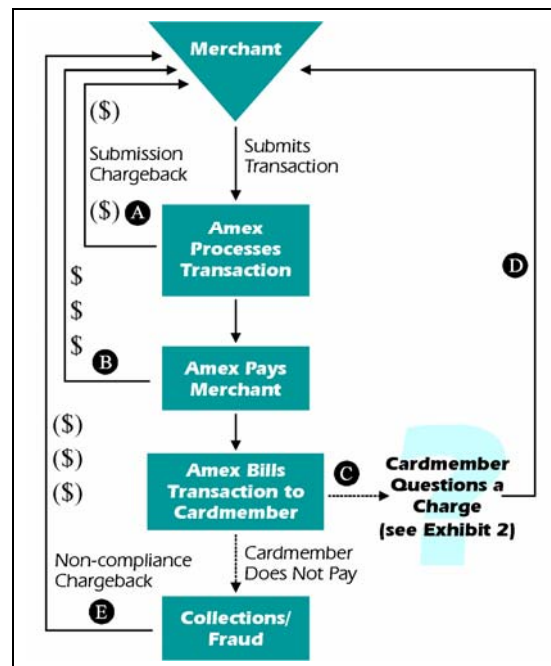


Exhibit 1 - Transaction Cycle

Cardmember Billing and Inquiries

Because American Express requires you to supply descriptive information about transactions, the vast majority of Cardmembers pay their American Express bills upon receipt. Occasionally, a Cardmember may question a charge because they do not recognize it or they want additional information about the transaction. (Exhibit 1 – Transaction Cycle, reference C.) Usually this occurs within the first 60 days after the Cardmember receives their billing statement.

American Express tries to resolve these inquiries by first using information available in-house. However, if the inquiry is one that American Express cannot resolve, we may contact the respective Merchant for further information. American Express is obligated by federal law to respond to the Cardmember with the requested information within two full billing cycles. (See Glossary – Fair Credit Billing Act.)

Full Recourse Chargebacks/Non Compliance Chargebacks

In certain circumstances American Express debits disputed charges without sending an inquiry contact. For example, Merchants with high inquiry rates or conducting transactions in what are considered risky business environments may be required to accept full recourse on all inquiries. No inquiry is sent to you and all Cardmember disputes are immediately charged back.

Merchant Chargebacks and Re-submissions

Based on the response you provide to an inquiry, we will either request the Cardmember pay the charge or debit (adjust) your account for failure to adequately address the Cardmember's claim (*insufficient reply chargeback*).

If you choose not to respond to our inquiry, we will debit your account with a *no-reply chargeback*. (See Exhibit 1 – Transaction Cycle, reference D.)

You may not re-submit a Charge after a dispute related to it has been resolved in favor of the Cardmember. Charges that are resubmitted will be immediately charged back.

You can find more details on this type of adjustment in Section 9.

Fraud

Charges that are determined to be fraudulent may be charged back without prior notification if the charge is unauthorized, unsigned, or does not comply with other terms of the Card Acceptance Agreement (*non-compliance chargeback*). (See Exhibit 1 – Transaction Cycle, reference E.)

You can find more details on these types of adjustments in Section 9.

Collections

If a Cardmember fails to pay us, or if a charge proves to be otherwise uncollectible and you did not obtain an authorization approval code prior to submission to American Express, we will return the charge to you as a *non-compliance chargeback*. (See Exhibit 1 – Transaction Cycle, reference E.)

You can find more details on this type of adjustment in Section 9.

3.

Inquiries and Chargebacks Defined

Terms relating to inquiries and chargebacks, as used by American Express and bankcards, can be very confusing. Often, one word may have multiple meanings or we may use several words that have the same meaning. This section clarifies this industry-specific vocabulary.

Disputed Charges, Inquiries and Retrieval Requests

Let's start with the basics: disputed charges, inquiries and retrieval requests.

In the American Express environment, the terms *dispute* and *disputed charge* mean the same thing — a Cardmember has been billed for a charge, questions it and would like further clarification about the transaction. American Express will send you an *inquiry* when we are unable to resolve the dispute in-house.

The bankcards' comparable term for an inquiry is a *retrieval request*. A *retrieval request* is simply a request for signed support and/or itemization.

While American Express does not impose any financial impact at the point that you receive the inquiry, your Merchant Bank may. **In either case, if you do not respond within the defined time frame, a chargeback will result.**

Chargebacks and Adjustments

The term *chargeback* is used by the industry to broadly define a financial deduction from your account. While American Express also uses this term, certain types of chargebacks are referred to as *adjustments* on our Reconciliation Reports.

Re-presentation

Re-presentation, or second presentation, is a term used exclusively by bankcards to refer to situations when a charge has been charged back and is resubmitted by the Merchant for payment. **Re-presentation is not part of the American Express process.**

4.

The American Express Inquiry Process

Whenever a Cardmember contacts American Express to question a charge, we make every effort to respond to the Cardmember using information available in-house. Based on our research, one of the following steps is taken:

- We advise the Cardmember of the validity of the charge.
- We issue an immediate chargeback to your account.

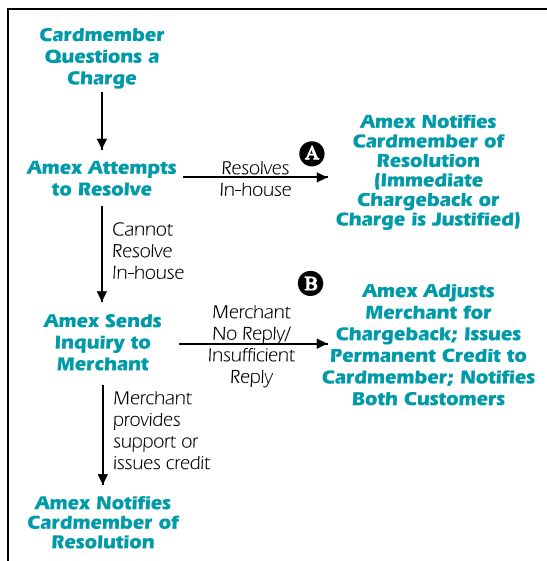


Exhibit 2 – Inquiry Process

- If we cannot resolve the claim without further information from you, we will send you an inquiry. You must respond to the inquiry within 20 days. (See Service Establishment Claim Form in the back of this guide.)

The Form of Inquiry that we will send you includes information pertinent to the Charge in question such as the Cardmember’s reason for questioning the charge, the material you need to send us to support the charge, and a **specific date** by which your response must be received.

You can respond to the inquiry by doing one of the following:

- Issuing a credit to the Cardmember’s account or stating the date when the credit was previously issued.
- Authorizing a chargeback.
- Issuing a partial credit and provide supporting documentation of the transaction and reason for the partial credit.
- Supporting the validity of the charge with itemized and/or signed support.

A table explaining the guidelines for support appears in Section 6.

You may have the chargeback reversed if it was processed in error. You can find more details about chargeback disputes in Section 9, page 22. If the charge is substantiated, we

send the Cardmember the appropriate explanation or documentation, and the inquiry is closed. If you have questions regarding the status of an inquiry, please contact Establishment Services at **1-800-528-5200**.

If a response is not received within the specified time frame, or the response does not adequately address the Cardmember's claim, your account will be debited and permanent credit will be applied to the Cardmember's account. **Chargebacks that are issued for insufficient reply or no-reply will not be reversed.**

It is **absolutely essential** that you always respond to inquiries, in full, within the specified time frame.

Cardmember Re-Disputes

We may reinvestigate the inquiry if the Cardmember provides new or additional information after reviewing the supporting documentation (e.g. the Cardmember claims that the charges are fraudulent). In such case, you will be required to provide additional information to support the validity of the charge.

5. Ways to Process Inquiries

American Express has a variety of options for the exchange of Cardmember inquiry information with you. In addition to the traditional paper by mail method, you may be able to receive and respond to inquiry claims and chargebacks using our complimentary Internet service, **Online Merchant Services, our preferred method of handling inquiries and chargebacks.**

Online Merchant Services

This complimentary Internet service allows you to reconcile your payments and resolve disputes on the Internet. Online Merchant Services helps eliminate the risk of mail delays and shuffling through stacks of paper. If you are not already enrolled, enroll today by visiting the American Express web site at: www.americanexpress.com/service

If you are enrolled in Online Merchant Services and are experiencing any technical difficulties, please contact Establishment Services at 1-800-374-2639.

SE Workstation

SE Workstation is a PC-based software application that supports the electronic exchange of inquiries. This product is being retired and replaced by Online Merchant Services.

For those Merchants already enrolled in SE Workstation, please contact 1-800-671-0971 to see if your account can be converted to Online Merchant Services.

Paper by Mail

If you prefer, you can receive and respond to inquiries by paper via mail.

Response Methods

You may respond to inquiries and chargebacks through various channels depending on how you receive your inquiries. If you are enrolled in Online Merchant Services, you can upload and send scanned supporting documentation which is the preferred method.

You may still fax replies directly to our Customer Service department, if you are not enrolled in an electronic delivery system.

Please use the fax numbers listed on the inquiry cover sheet or on the fax reply page of Online Merchant Services. **For paper by mail disputes, we prefer that you fax all responses and include the inquiry cover sheet.** This will ensure the timely receipt of your documentation.

Cardmember Numbers:

When responding back to an inquiry claim, please ensure that each page of your supporting documentation includes the complete, untruncated Cardmember account number.

Addresses for Supporting Documentation

If you prefer to mail your responses, please use the following addresses.

Customer Service Disputes

American Express Customer Services
PO Box 297817
Ft. Lauderdale, FL 33329-7817

Fraud Disputes

American Express Customer Service
PO Box 297862
Ft. Lauderdale, FL 33329-7862
Attn: Fraud

6. Supporting Documentation for Inquiries

As discussed in previous sections, you will receive an inquiry only when we do not have sufficient information in-house to resolve the Cardmember's inquiry. If you do not agree that credit is due, you must submit supporting documentation supporting your position to American Express.

The table in this section contains inquiry classifications and specific documentation that, depending on the inquiry, can support your claim to a charge.

Remember, these are guidelines. The completeness and relevance of your response and supporting documentation will be considered when resolving the inquiry.

Inquiry Category and Definition	Necessary Support Documentation
<p><u>Does Not Recognize/Remember/No Knowledge</u> Cardmember does not recognize or remember the charge.</p>	<p><u>Retail</u> Detailed itemization of charge and signed record of charge.</p> <p><u>Services</u> Provide assigned contract and proof of enrollment, if applicable.</p> <p><u>Restaurant/Bar Tab</u> Signed support, itemization if available.</p> <p><u>Mail/Phone Sales/Internet Physical Delivery¹</u> Detailed itemization of charge, order date, billing address, shipping address, ship date and signed proof of delivery or other signed support (e.g., an order form).</p> <p><u>Car Rental</u> Signed rental agreement; final audited rental agreement, or proof of reservation, if applicable.</p> <p><u>Lodging</u> Detailed itemization of charge (folio), signed support (e.g., registration card).and imprint of Card. Proof of reservation and Cardmember or Travel Agent name and address, etc.</p>
<p><u>Does Not Recognize/Remember/No Knowledge (cont.)</u> Cardmember does not recognize or remember the charge</p>	<p><u>Airline/Travel Related</u> Itinerary and usage information; signed support, if available as well as ticket/travel itinerary with fare basis/terms & conditions, usage details, proof of booking/reservation confirmation with billing authorization from Cardmember.</p> <p><u>Service Provider (e.g. Telecommunications, Internet Electronic Delivery²)</u> Proof of enrollment (Cardmember name, billing address, screen name, account detail/rate/ telephone number. Proof of usage or call detail linking the service to the Cardmember.</p>
<p><u>Credit Not Processed</u> Cardmember claims credit is due from Merchant, but has not received it.</p>	<p><u>All Industries</u> Details of when credit was issued and copy of credit receipt; or, if no credit is due, a written explanation of why, with appropriate signed and/or itemized documents supporting your position. If credit is not issued because of a no return/refund policy, provide proof that the Cardmember was advised of the cancellation/ return/refund policy.</p>

Inquiry Category and Definition	Necessary Support Documentation
<p><u>Non-Receipt of Merchandise/Service</u> Cardmember did not receive the merchandise or service.</p>	<p><u>All Industries Except Service Providers</u> Proof of delivery (including date delivered, delivery address, shipping address and signature of recipient). Service Provider (e.g. Telecommunications, Internet Electronic Delivery ²) Proof that the services were provided (including screen prints where the Cardmember received services and dates that services were used).</p>
<p><u>Overcharge/ Incorrect Transaction Amount</u> Cardmember claims that the amount of the billing is incorrect.</p>	<p><u>All Card Present Industries</u> Proof that the Cardmember approved the altered or delayed transaction, signed support and detailed itemization of all charges, and proof that the Cardmember received the goods or services¹. * <u>Car Rental</u> – itemized rental agreement. * Lodging – itemized folio. Card Not Present Transactions Billing authorization, usage detail, terms and conditions, account balance, proof that the Cardmember received the goods or services¹, proof that the Cardmember was advised of any additional or delayed charges and proof that the Cardmember agreed to the amount billed.</p>
<p><u>Duplicate Processing</u> Cardmember claims to have been billed more than once for the same transaction.</p>	<p><u>All Industries (Card not Present)</u> Itemized charge and copy of signed support (or other appropriate documentation, e.g., registration card for lodging, rental agreement for car rental, proof of booking/reservation) for both transactions. Proof of usage or delivery of goods¹ or services for both charges.</p>
<p><u>Defective Merchandise</u> Merchandise received from the Merchant was damaged or defective.</p>	<p><u>All Industries</u> Outline dispute resolution options including detailed return instructions, if applicable and return/refund policy.</p>
<p><u>Not as Described</u> Goods or services do not conform to the documented description.</p>	<p><u>All Industries</u> Provide documentation or an explanation of why the goods or services meet the conditions of sale. Include return instructions, if applicable.</p>

Inquiry Category and Definition	Necessary Support Documentation
<p><u>Goods or Services Canceled or Returned</u> The Cardmember recalls the transaction, but claims to have canceled it. This category includes billings for canceled reservations, no show charges, canceled hotel/cruise deposit, canceled recurring/continuity billing.</p>	<p><u>All Industries Except Airlines</u> Copy of cancellation policy and the procedure for conveying it to the Cardmember along with discontinuing future billings. Details of use, if applicable.</p> <p><u>Airline/Travel Related</u> Itinerary and usage information, if applicable. Copy of cancellation policy and the procedure for conveying it to the Cardmember.</p> <p><u>All Industries except Internet Electronic Delivery</u> Copy of the return or cancellation policy and procedure for conveying it to the Cardmember. Statement that the return or cancellation did not comply with the Merchant’s documented policy. Usage information, if application, (proof of delivery, usage detail, and account balance).</p> <p><u>Internet Service Provider/Digital Delivery² Telecommunications</u> Account status, terms & conditions/proof of usage or call detail linking the service to the Cardmember if credit is not issued.</p> <p><u>Additional Requirements for Recurring Billing</u> Provide proof that the Cardmember used goods or services. If credit is not due provide account status, terms & conditions/proof of usage or call detail linking the service to the Cardmember if credit is not issued on the disputed charges, you should discontinue future billings per the inquiry and provide the effective date.</p>
<p><u>Imprinting Multiple Drafts – Fraud</u> Cardmember denies authorizing the multiple charges and still has possession of the Card.</p>	<p><u>All Industries</u> Itemization of all charges and copy of all signed support (or other appropriate signed documentation, e.g., registration card for lodging, rental agreement for car rental) for all transactions.</p>
<p><u>Fraudulent Transactions</u> Cardmember states charge is fraudulent.</p>	<p><u>Airlines *</u> Signed support if available, as well as ticket/travel itinerary, usage details, proof of booking/ reservation confirmation with billing authorization from Cardmember.</p> <p><u>Internet Electronic Delivery</u> If a Fraud dispute arises involving a Card-Not-Present charge that is an Internet Electronic Delivery transaction, we will exercise immediate Full Recourse.</p>

Inquiry Category and Definition	Necessary Support Documentation
<p><u>Fraudulent Transactions (cont.)</u> Cardmember states charge is fraudulent.</p>	<p><u>Mail Order *</u> Detailed itemization of the charge, order date, and signed proof of delivery to the Cardmember’s billing address.</p> <p><u>Car Rental *</u> Signed rental agreement by the Cardmember and Card imprint if unable to swipe the Card at the time of the transaction.</p> <p><u>Retail *</u> Detailed itemization and signed record of charge. Card imprint if unable to swipe the Card at the time of the transaction.</p> <p><u>Restaurant *</u> Signed support and itemization. Card imprint if unable to swipe the Card at the time of the transaction.</p> <p><u>Lodging *</u> Detailed itemization of charge (folio for Cardmember) signed support (e.g. registration Card and imprint of Card if unable to swipe the Card at the time of the transaction).</p> <p>*And any other pertinent information, i.e. telephone numbers, license numbers, description of person, etc. that could assist in our investigation.</p>

¹Proof of Delivery – Physical Delivery

As stipulated in the Card Acceptance Agreement, proof of delivery of physical goods must document that the goods were shipped to the Cardmember **and** include a receipt signed by an authorized signer verifying the delivery to the billing address. **Note:** Transactions for goods shipped to an alternate address may be subject to Full Recourse in Cardmember disputes that involve fraudulent activity.

²Internet Electronic Delivery: Transactions where goods or services are ordered online and electronically delivered online (e.g. images, software).

³Internet Physical Delivery: Transactions where goods or services are ordered online and physically delivered offline (e.g. clothing).

7.

American Express Card Acceptance Policy

Submitted charges must comply with specific Card Acceptance terms, as outlined in the your Card Acceptance Agreement. A transaction that does not comply with such terms becomes your liability in the event that the Cardmember disputes the charge or it is otherwise uncollectible. Below is an overview of relevant Card Acceptance Agreement terms:

For all charges you must:

- Complete a Charge Record.
- Verify that the Card is not visibly altered or mutilated.
- Verify that the Card is signed in the same name as that embossed on the front of the Card.
- Obtain an authorization approval code from American Express, regardless of dollar amount. Authorization approval codes are valid for thirty (30) days from the date issued.
- For Charges relating to goods and services shipped or provided more than thirty (30) days after the order is made, you must obtain authorization for each Charge at the time the order is made and again immediately before you ship the goods or provide the services to the Cardmember.

For all other charges, such as those made by mail or telephone, or at unattended locations, you must:

- Create a Charge Record, except that the additional words "Mail Order", "Telephone Order", "Internet Order" or "Signature on File", as applicable, should be written on the Cardmember signature line, or, for CAT transactions, flagged with a CAT indicator; and
- Obtain Authorization as described in this Agreement.
- If you submit electronically, the electronic charge record should also be identified as such using terms like "Mail Order," "Telephone Order", "Internet Order," or "Signature on File."

Certain types of transactions are prohibited on the Card. These transactions include:

- Penalties or fines of any kind, damages, losses or any other costs or fees that are beyond the normal price (plus applicable taxes) for the goods or services provided, or amounts for which the Cardmember has not specifically authorized payment by the Card.
- Gambling services, gambling chips or gambling credits as well as online gambling.
- Cash.
- Returned/cancelled checks.
- Goods which will be used as inventory or otherwise resold (unless specifically

allowed in accordance with the Card Acceptance Agreement).

- Sales made under a different trade name or business affiliation than that indicated in the Card Acceptance Agreement or otherwise approved by American Express in writing.
- Sales made by third parties.
- Amounts which do not represent a bona fide sale of goods or services at your Establishment(s).
- Illegal business transactions.

Authorization Code

You are required to obtain a six-digit approval code for transactions.

Non-Transferability of the Card

American Express Cards are not transferable. Only the Cardmember whose name appears on the front of the Card is authorized to make charges.

Automated Address Verification

Automated Address Verification (AAV) is a service that compares your customer's address with the Cardmember's billing address. This service is available solely for American Express Card transactions and is most useful in the Telephone Order, Mail Order and Internet Order environments.

Usage of AAV is not a guarantee against chargebacks.

AAV is an optional service, which is available on our Express Terminals and through our PC-based software, PurchaseExpress™.

If you desire to utilize AAV via a direct interface with American Express, please contact Establishment Services at **1-800-528-5200**.

8.

American Express Chargeback Policy

In addition to federal laws that regulate the Cardmember dispute process, American Express has various business policies that are used to resolve disputes and to identify non-compliance chargebacks, as defined by your Card Acceptance Agreement.

American Express tries to resolve disputed transactions in accordance with two key tenets:

- American Express will comply with all consumer protection laws.
- Our dispute and chargeback handling will comply with the provisions of our Card Acceptance Agreements.

Business Policies

This section describes American Express operating policies and business practices.

Full Recourse Addendum

Merchants with high inquiry rates may be required to accept full recourse on all inquiries. No request for information will be sent to you and any charge disputed by a Cardmember will be subject to immediate chargeback.

Document Retention

You must retain the original Charge Record or Credit Record and all supporting documentation associated with such transactions, or reproducible records of all

charge and credit transactions, for **twenty-four (24)** months from the date each charge or credit was submitted to American Express.

Time Frames

In most cases, American Express will not initiate an inquiry on a *recourse* basis, if more than 180 days have elapsed from the date we receive the charge. This applies to charges that have not been previously disputed.

For goods or services delivered by the Merchant or returned by the Cardmember, the 180 days begins on the date of delivery, the expected date of delivery, or return of the goods or services.

In addition, American Express will not initiate a chargeback after 180 days for:

- Immediate chargebacks.
- Fraud Full Recourse.
- Non-compliance chargebacks.

Store Policies

American Express will support your return policies in the event of a dispute, provided the policies are clearly disclosed at the time of sale.

“Clearly disclosed” means that your policies were conveyed to the Cardmember prior to completion of the charge and were printed on a copy of a receipt or record of charge that the Cardmember signs.

Mail and Telephone Order/Internet Physical Delivery

Mail, telephone or Internet order charges will not be charged back if the Cardmember denies making or authorizing the Charge provided you have:

- Obtained an approval code for the charge,
- verified that the address to which the goods were shipped is the Cardmember's billing address and
- obtained a receipt signed by an authorized signer verifying the delivery of the goods to the billing address.

A Cardmember's billing address may be verified through the use of the American Express Address Verification system.

Note that a Chargeback may still be applied if the Cardmember does not recognize the signature and/or name on the proof of delivery.

Recurrent/Automatic Billing

After we advise you that a Cardmember has requested discontinuation of recurring billing (membership dues, subscriptions, etc.), any future billing you submit to that account number will be immediately charged back.

Special Programs

This section contains information on industry-specific, special programs. As a participant in one of these programs, certain charges that would otherwise not be allowed by American Express may be submitted.

Assured Reservations®

Lodging Merchants may submit "no show" charges, if they comply with the provisions of the Assured Reservations program and the Cardmember does not use or cancel the reservation in accordance with program requirements.

Your program responsibilities include the following:

- You must advise the Cardmember, at the time the reservation is made, that the reservation may only be cancelled within the time frame specified by your reservation policy. You must also notify the Cardmember of the "no-show" amount you will bill the Cardmember in the event the Cardmember does not appear or does not cancel in accordance with your cancellation policy.
- If the Cardmember cancels a reservation, provide a cancellation number to the Cardmember and maintain a record of the cancellation number.
- Use the proper "no show" descriptor, when submitting a "no show" charge or transmit the appropriate "no-show" descriptor on the charge data.

Failure to honor the Assured Reservation program requirements obligates you to do the following for the Cardmember:

- Pay for one night's accommodation at a comparable property, located nearby.
- Pay for transportation to the alternate location.
- Pay for a three-minute telephone call.
- Forward all communications to the Cardmember at the alternate location.

CARDeposit®

Lodging Merchants may submit charges for deposits, if they comply with the terms of the CARDeposit program. Your program responsibilities include the following:

- You must forward written confirmation of the reservation and details of your cancellation policy to the Cardmember within three (3) days after the reservation is made.
- Upon arrival, the Cardmember must show the Card. If the Cardmember does not have the Card, other identification must be shown.

- You must ensure that the CARDeposit record includes the Cardmember's name, address, Card number, expiration date, scheduled arrival date and the last date by which the Cardmember may cancel without penalty. (Paper submitters must include this information on the Charge Record.)
- For each CARDedposit, you must complete a Record of Charge with the word "CARDeposit" on the Cardmember signature line or if you submit electronically, the appropriate descriptor must be included on electronic Charge Data. You must also indicate the scheduled arrival date on the Charge Record.

If you are unable to honor a CARDeposit, your obligation to the Cardmember includes the following:

- You must pay for accommodations at a comparable location nearby, until the original reservation expires (up to 14 days), or until accommodations become available at the original location, whichever occurs first.
- You must provide transportation to and from the alternate location once a day.
- You must pay for two phone calls (one 3-minute call to advise of the move to the alternate location, and one 3-minute call to advise of the return to the original location).

No Signature Program

Merchants in the Quick Service Restaurant (QSR), Movie Theatre, Automobile Parking Lots and Garages, Taxi/Limo, Convenience Store, Drug Store/Pharmacy and Local Commuter/Passenger transport industries will be eligible to participate in the "No Signature" Program for all domestic United States locations that accept the Card. The No Signature Program applies to Charges where the dollar value for the Charge submitted for authorization is \$25.00 or less. The No Signature Program protects your Locations

from being charged back based solely on the failure to obtain the Cardmember's signature at the point-of-sale, provided that you transmit full, unadulterated magnetic stripe or encoded data with its authorization request via a swipe of the Card through an electronic authorization terminal.

The No Signature Program does not protect you from "no signature" chargebacks if the magnetic stripe is unreadable and you manually key the transaction to obtain an Authorization, or in cases where the electronic authorization terminal, software or your Processor fails to capture and pass full, unadulterated magnetic stripe or encoded data to us at the time of the authorization request.

Customer service and/or goods and services disputes are not covered by the No Signature Program. If the Location's policies, practices or lack of reasonable oversight result in a disproportionate number of disputes with respect to No Signature Program Charges, the Location must cooperate with us to reduce the number of such disputes. In the event that such efforts fail to reduce the number of disputes, we reserve the right to exercise Full Recourse for all such disputes without first sending the Location an inquiry and/or to modify or terminate the Location's participation in the No Signature Program.

Parking

When the number of parking days is agreed upon when the Cardmember leaves the motor vehicle with you or you provide a parking pass valid for a predetermined number of parking days, you must submit the Charge immediately. When the number of parking days is not known when the Cardmember leaves the motor vehicle with you, you must not submit the Charge until the last day of parking.

Vehicle Rental

When a Cardmember rents a vehicle, you must obtain authorization for the full estimated amount of the Charge. The estimated rental charge should be the rate for the period reserved plus any known incidentals. You shall not overestimate this amount and shall not include an amount for any possible damage to or theft of the vehicle. If you do not obtain an authorization and then submit the Charge, and the Cardmember fails to pay the Charge for any reason, we shall have Full Recourse for the full amount of the Charge.

Upon return of the vehicle:

- If the final Charge is not greater than the estimated rental charge plus 15% , no further authorization is required.;
- If the final Charge is greater than the estimated rental charge by more than 15%, obtain Authorization for any additional amount greater than the original authorization. If you do not obtain an authorization for the additional amount, or you request authorization for the additional amount but authorization is declined, and the Cardmember fails to pay the Charge for any reason, we shall have Full Recourse for the amount of the Charge in excess of the estimated rental charge authorization.

Restaurants

If the final Charge is greater than the estimated dining charge by more than 20%, obtain authorization for the additional amount. If you do not obtain an authorization for the additional amount, or you request authorization for the additional amount but authorization is declined, and the Cardmember fails to pay the Charge for any reason, we shall have Full Recourse for the amount of the Charge in excess of the original authorization.

Capital Damages Addendum

Car Rental Merchants may bill Cardmembers for capital damages, provided that they have adhered to the terms of the Capital Damages Addendum. These terms include the following:

- Obtain a signed and dated Acknowledgment of Responsibility form from the Cardmember after the damage is incurred. (Rejection of the Collision Damage Waiver is not an acceptable substitute for this document.)
- A valid Acknowledgment of Responsibility form must include a detailed listing of the damage incurred, a repair cost estimate and the Cardmember's agreement to be billed on the American Express Card. This must be obtained from the Cardmember without duress.
- The charge for the damages may not be submitted until the actual amount of the damage has been determined. The charge may not exceed 110% of the estimate provided to the Cardmember.
- The Card must have been used to rent the vehicle at the time the vehicle was checked out.
- You must itemize for the Cardmember, in writing, the specific damage which has occurred.

9.

American Express Chargeback Categories

American Express chargebacks can originate from a variety of sources:

- A submission chargeback results from charges that could not be processed upon submission, e.g., an invalid account number or a non-American Express account.
- A non-compliance chargeback is issued when the charge did not meet the terms of your Card Acceptance Agreement and the Cardmember claims it is fraudulent or it proves to be otherwise uncollectible. Examples include charges with no authorization approval code and charges with no signature.
- An immediate chargeback may result from a Cardmember inquiry to us. In this case we do not send an inquiry to you because we have sufficient information available in-house or from the Cardmember to resolve the dispute, e.g., an altered charge or an addition error.
- A no-reply chargeback may also result from a Cardmember inquiry to us. In this case, we send an inquiry to you, but you do not reply within the required time frame.
- An insufficient reply chargeback is issued when a Cardmember inquires about a charge and your reply to our inquiry does not adequately support your claim to the charge.

Customer Service Chargebacks

When a Cardmember inquires about a charge, American Express first attempts to research the claim using in-house documentation or the information provided by the Cardmember. If the Cardmember's claim is substantiated during this stage, an immediate chargeback is issued (See Section 4, Exhibit 2 – Inquiry Process, reference A). No further clarification is required and no inquiry is sent to you.

If an immediate chargeback is issued as part of your enrollment in the immediate chargeback program, Full Fraud recourse program, or for non-compliance reasons, the chargeback can only be appealed if you can prove that the Cardmember was issued credit.

If we send you an inquiry to help resolve the claim, and you do not respond within the 20-day time frame, or the response you provide does not support your claim to the charge, you will be charged back for *no-reply* or *insufficient reply*, respectively. (See Section 4, Exhibit 2 – Inquiry Process, reference B.)

Although American Express' systems do not allow for re-presentment, we will accept and review a Merchant request to reverse chargebacks if you can demonstrate that it was issued in error. **Requests for chargeback reversals must be made by you within 20 days from the date of the chargeback.**

Some of the items that qualify as Customer Service chargebacks are listed in the following table:

Chargeback Category Type – Customer Service Resolution	Definition
Immediate Chargeback	Chargeback issued when American Express has sufficient information available in-house or from the Cardmember to resolve the dispute without inquiring to the Merchant.
Insufficient Reply Chargeback	Documentation provided to American Express was insufficient, illegible, unrelated to the Cardmember dispute, or not in compliance with the terms of the Card Acceptance Agreement, and failed to adequately support the Merchant's claim to the charge.
Authorized Chargeback	Merchant authorized American Express to charge back the transaction identified in the inquiry. (American Express prefers Merchants to issue credits rather than to authorize chargebacks. Credits appear on the Cardmember's billing statement as submitted directly from the Merchant.)
No Reply Chargeback	American Express did not receive a Merchant's reply or support within the 20-day time frame allowed.

Non-Compliance Chargebacks

Uncollectible and fraudulent charges are subject to chargeback for *non-compliance* within the terms of the Card Acceptance Agreement. (See Section 2, Exhibit 1 – Transaction Cycle, reference E.)

You will sometimes receive an inquiry prior to receiving a *non-compliance chargeback*.

You will receive notice of the deduction on your Reconciliation Report.

Some of the items that qualify as *non-compliance chargebacks* are listed in the following table:

Chargeback Category Type – Non-Compliance	Definition of Chargeback
Non-matching Account Number	Cardmember account number does not match any Cardmember file on our database.
No Imprint/No Swipe	Charge was not imprinted (paper submitters only) or swiped (EDC submitters only) at the time of sale.
Late Presentment	Transaction was submitted 30 days or more after it was incurred without a new approval code.
Duplicate Processing	Transaction was processed more than once for the same Cardmember, for the same transaction amount and on the same transaction date.
No Authorization/Declined Authorization	The transaction did not have a valid authorization approval code.
No Signature	Charge did not contain a signature.
Incorrect Account Number	Cardmember account number on charge was incorrect.
Expired Card	Cardmember account number had an expired date.
Cancelled Account	Cardmember account number was cancelled.
No 6 Digit Authorization Code	You failed to obtain a six (6) digit authorization approval code number during the transaction authorization.
Not Shipped to Billing Address	Merchandise was not shipped to the Cardmember’s billing address.

Immediate Chargeback Program

You may receive notice from American Express that your account is subject to immediate chargeback on any and all Cardmember disputes. If you receive such notice, American Express will process a chargeback to your account without sending an inquiry. You will not have the opportunity to present any written substantive response to the chargeback. The Chargeback will be reversed however, if you can demonstrate that you have issued credit to the Cardmember. Please contact Establishment Services at 1-800-528-5200 for all reversal requests.

Chargebacks Disputes

If at any time you believe that you were debited in error, please contact Establishment Services at 1-800-528-5200.

A Note on Rebilling the Cardmember — Fair Credit Billing Act (FCBA)

To understand why American Express cannot re-present charges to the Cardmember, it is important to understand the consumer protection laws that regulate the handling of consumer billing disputes. FCBA (see Glossary, page 34) states that a creditor must finally resolve a billing dispute within two billing cycles (but not more than 90 days) after receipt of a billing dispute request from a Cardmember. American Express must comply with the Fair Credit Billing Act. It is therefore imperative that we receive your inquiry response prior to the “reply by” date as re-billing a Cardmember once a Chargeback has been issued may be a violation of the FCBA.

10. Ways to Reduce Inquiries

Inquiries are expensive for all parties involved:

- You must expend resources to research and respond with information to resolve the inquiry.
- We must record the Cardmember’s claim, prepare an inquiry, follow-up, and resolve the dispute.

Most Frequent Inquiry Categories

The top six inquiry categories are:

- No Knowledge
- Billing Error
- Canceled Product/Service
- Returned Merchandise
- Non-received Merchandise
- No Show

The tables in this chapter provide information and preventative measures you can take to help you avoid unnecessary inquiries.

No Knowledge

Reason for Inquiry	Common Cause	How to Avoid This Inquiry Type
Descriptor on Cardmember billing was unfamiliar to Cardmember.	Descriptor may have reflected a corporate name, or a physical or fulfillment location that the Cardmember did not associate with the charge.	Ensure your descriptor is meaningful to the buyer. Contact your processor to verify descriptor.
Descriptor on Cardmember billing did not define the goods/ services actually purchased.	A generic descriptor such as “general merchandise” or “lodging” may have been used for a delayed charge, restocking fee, membership fee, golf/spa charge, etc. The Cardmember did not recall the exact nature of the charge.	Use descriptors that accurately describe transactions.
Charge was not made by Cardmember (i.e., unauthorized or fraudulent charge).	Individual(s), either internal or external to your business, acquired and used Cardmember information.	Protect the security of Cardmember account numbers. Authorize all transactions.

Billing Error

Reason for Inquiry	Common Cause	How to Avoid This Inquiry Type
Cardmember statement reflected a duplicate billing.	<p>a) Submission was sent more than once.</p> <p>b) Charges, both with and without tips, were submitted (restaurant/service).</p>	If the duplicate billing involves more than two Cardmember accounts, immediately alert processor and/or American Express (1-800-528-5200) of duplicate submission in order to prevent double billing. If it is simply one or two accounts, issue credit.
Cardmember account number was incorrect.	Card number was keyed/entered incorrectly into the POS device, when Card could not be swiped.	Double-check keying at the time of input. In cases in which the Card is present, but the Card number is keyed into a POS device, obtain an imprint of the Card.
Cardmember statement reflected an incorrect transaction amount.	<p>a) Charge amount was greater than Cardmember expected (due to the addition of a handling fee, taxes, delayed charges, restocking fee, etc.).</p> <p>b) Total amount was to be deferred in installment payments.</p> <p>c) Credit was less than Cardmember expected (e.g., credit included a deduction from the original charge amount for non-refundable shipping and handling fee, restocking fee).</p>	<p>Ensure that the signed charge receipt clearly states your sales and refund policies, including applicable fees.</p> <p>Reinforce your policies by verbally communicating them to the Cardmember through your sales staff.</p>

Canceled Product/Service

Reason for Inquiry	Common Cause	How to Avoid This Inquiry Type
Cardmember statement reflected only the charge (no credit) for the canceled product/service.	<p>a) Credit was not issued.</p> <p>b) Cardmember billing was cut before credit was posted to statement.</p>	Ensure that credit is submitted on the day the cancellation is received.

Returned Merchandise

Reason for Inquiry	Common Cause	How to Avoid This Inquiry Type
Cardmember statement reflected a charge for returned merchandise.	<ul style="list-style-type: none"> a) Credit was not issued. b) Cardmember was billed before credit was posted to statement. 	<ul style="list-style-type: none"> a) Process and submit credit/replacement immediately after receiving returned merchandise. b) Inform Cardmember of date credit/replacement for returned merchandise can be expected. c) Document return policy on Charge Record/sales slip that Cardmember signs. Post return/ exchange policy, if possible.

Non-Received Merchandise/Service

Reason for Inquiry	Common Cause	How to Avoid This Inquiry Type
Cardmember was billed for product or service that has not yet been provided.	Charge was submitted prior to delivery of product or service.	<ul style="list-style-type: none"> a) Submit charges only after the product or service has been shipped or provided. b) When shipping, be sure to confirm and ship to Cardmember's billing address. c) Notify Cardmember of normal delivery time frame. d) Do not submit charges for back-ordered items.

No Show – Lodging

Reason for Inquiry	Common Cause	How to Avoid This Inquiry Type
Cardmember was billed for lodging services which the Cardmember claims were canceled.	<ul style="list-style-type: none"> a) Cardmember's cancellation was not recorded with lodging property. b) Both "no show" and "lodging" charges were billed to Cardmember in error. c) Cardmember was not given the cancellation policy when making the reservation. 	<p>Log all confirmation and cancellation numbers as required by the Assured Reservation and CARDeposit programs.</p> <p>Advise the Cardmember of the cancellation policy in at the time of the reservation and monitor the process.</p>

11.

Fraud Prevention

Use of the proper Card Acceptance procedures can help reduce fraud, which is a common cause of chargebacks. Here are some easy steps to follow.

Reduce Fraud, Reduce Chargebacks

1. Obtain a 6-digit Approval Code for each transaction.
2. Swipe the Card or take an imprint.
3. Verify that the Customer is the Cardmember.
4. Verify the Card's valid date. The Card may not be used outside the dates embossed on the front of the Card.
5. Visually inspect the Card to make sure it has not been altered.
6. Match the embossed number on the front of the Card to the number on the back of the Card and the terminal receipt. If the numbers do not match, call American Express Authorizations at **1-800-528-2121** and indicate that you have a "CODE 10."
7. Make sure the Customer's signature on the terminal receipt reasonably matches the signature on the back of the Card.
8. Compare the name that prints on the terminal receipt to the name embossed on the front of the Card.

If these do not match, call American Express Authorizations at 1-800-528-2121 and say you have a "CODE 10."

High Risk Mail, Phone and Internet Procedures

Any time you process a transaction in which the Card is not present—you run a greater risk of fraud. American Express has designed safety procedures specifically for these situations.

When processing *Card not present* transactions, always ask for:

- Cardmember name – exactly as it appears on the Card.
- Card number and expiration date.
- Card Identification Number (CID) CID verification is available if you are on a direct link with American Express or authorize through a third-party processor certified for CID verification. In order to utilize the CID program, you must be activated to validate the CID. To inquire about this option, send an E-mail to ES.Fraud.Prevention@aexp.com.
- Card billing address, as well as the shipping address (if different from billing address). American Express recommends shipping to the Cardmember's address. Shipping to the billing address is necessary to avoid Full Recourse based on a Cardmember's dispute of the Charge.

- If you submit electronically, your electronic Charge Record should indicate “Mail Order,” “Phone Order,” or “Internet” on the Cardmember Billing Statement.
- Use shippers that do not allow shipment re-routes.
- If phone/Internet orders are allowed to be picked up at retail locations, require the Card to be presented. Complete the transaction by swiping the Card or obtaining an imprint.

How to Spot an Altered Card

Altered cards are American Express Cards that are “real” but no longer valid. A criminal takes information from a known good Card and “transfers” it to the altered Card. Use the tips below to spot an altered Card.

The Card surface looks dull compared with the rest of the Card. Good American Express Cards have a high gloss finish all over. The Card has a bumpy surface or is bent around the edges.

- The black ink on the raised card number or Cardmember name is smudged or messy.
- The card number printed on the back is different from the number embossed on the front has been chipped off, or has been covered up.
- The signature panel on the back has been painted over with correction fluid, taped over or erased.
- The magnetic stripe has been scratched. If the magnetic stripe has been scratched, the transaction will be referred for approval by phone. When you call for approval, give the operator the account number that appears on the back of the Card.

12.

Phone Numbers, Addresses and Web sites

Important Phone Numbers & Web sites

Establishment Services

1-800-528-5200

Authorizations

1-800-528-2121

SE Workstation Help Desk

1-800-671-0971

Online Merchant Services Support

1-800-374-2639

or visit our web site

americanexpress.com/merchantservices

Fraud Prevention

To learn more about Fraud Prevention, visit our web site:

americanexpress.com/fraudinfo

Important Addresses

Customer Service Inquiries

American Express Customer Service

PO Box 297817

Ft. Lauderdale, FL 33329-7817

Fraud Inquiries

American Express Customer Service

PO Box 297862

Ft. Lauderdale, FL 33329-7862

Attn: Fraud

Inquiry Response Fax Numbers

Please refer to your Inquiry communication.

The fax numbers are based on your merchant industry and the specific department handling your claim.

Appendix – Claim Report

PAGE 1

SERVICE ESTABLISHMENT CLAIM FORM

Name
Address
City, State Zip

Bulk ind
Date
Reply by:
SE a/c #:
CM a/c #:

**Please reply
before this date**

Dear Service Establishment:

One of our mutual customers has questioned a charge from your establishment, and we need your help in resolving this issue.

TO AVOID A CHARGEBACK:

- * Completely fill in one circle on the attached Claim Form.
- * Return the Claim Form **NO LATER** than the reply by date.
- * You must use a unique Claim Form for each inquiry attach any additional documentation you have. and
- * Return reply in the enclosed envelope or fax to 854-503-6463

WHAT YOU CAN EXPECT:

- * When we receive your accurate and complete response, we will respond to our mutual customer.
- * Information not received by the reply by date may result in a **NO REPLY** chargeback to your account.
- * Incomplete or incorrect support could result in an **INSUFFICIENT** chargeback.
- * If you do not hear from us in approximately 15 to 20 days after we receive your reply, you may consider this matter closed.

IF YOU HAVE QUESTIONS: Call 800-528-5200

SAVE TIME- REDUCE CHARGEBACKS:

Enjoy less paperwork, start reducing chargeback losses and manage your business efficiently with Online Merchant Service. Receive inquiries such as this, electronically, eliminate the risk of mail delays and shuffling through stacks of paper. Enroll today by u visiting us on the Web at www.americanexpress.com/service and find out how Online Merchant Services can help turn your savings into profits.

THANK YOU:

We appreciate your time to respond for our mutual customer.

Sincerely,

Fax number for
support documents
(the phone number
is based on type
of inquiry)

SERVICE ESTABLISHMENT CLAIM FORM

Name _____ Bulk ind _____
 Address _____ Date _____
 City, State Zip _____ Reply by _____
 _____ CE a/c # _____
 _____ CM a/c # _____

Please reply before this date

SERVICE ESTABLISHMENT CLAIM FORM

Inquiry Reason

CM Name	CM Account
Disputed Amount	Foreign Amount
<u>FIRST CHARGE</u>	<u>SECOND CHARGE</u>
Charge Amount	Charge Amount
Folio/Ref	Folio /Ref
Invoice/ROC Number	Invoice/ROC Number
Enclosure	

Dispute: Our mutual customer claims s/he does not recognize charge (s) and is requesting credit or support.

IF YOU ACCEPT THE CLAIM, fill in one circle below:

- I HAVE ISSUED CREDIT FOR THE DISPUTED AMOUNT ON ___/___/___
- I have issued partial credit \$ _____ on ___/___/___
- Reason for partial credit: _____
- I request that American Express deduct the disputed amount from my account to settle the dispute.

IF YOU DISPUTE THE CLAIM, you MUST

1. State why credit is not due by filling in one circle below:
 - Customer signed the charge slip
 - Bill was split among several charge slips
 - Other, please explain: _____
 Attach additional sheets, if needed)
2. Provide a copy of the signed charges.
3. If available, provide itemization of the charges(s) (i.e. meal ticket or bar tab)
4. INTERNET TRANSACTION(S) - Provide a copy of the log on(s), a copy of the order verification(s) and proof of delivery if, merchandise was shipped.

 Authorized Signature Telephone Number Date

Use a blue or black pen. Make heavy marks to fill in circle completely.

Required Supporting Documentation

Glossary

AAV

Acronym for Automated Address Verification. See Address Verification.

Acquiring Bank (a.k.a. Merchant Bank)

In the bankcard environment, the financial institution that maintains the Merchant relationship and receives all transactions from the Merchant.

Address Verification

A service provided by American Express to help prevent fraud on mail and phone transactions. It allows Merchants to verify that the billing or shipping address provided by the Cardmember matches the Cardmember's American Express billing address.

This service is available through voice authorization requests and automated authorization services (e.g., direct links). Verification through the on-line service is referred to as Automated Address Verification or AAV.

Adjustment

An American Express generated credit or debit used to make an alteration to an account. On American Express Reconciliation Reports, this category reports the chargebacks that occurred after a charge was processed.

Authorized Chargeback

A Merchant-requested chargeback authorizing American Express to deduct the amount in dispute from the Merchant's payment.

Authorizer

An American Express representative responsible for determining a Cardmember's credit worthiness, and approving or denying charges that are outside the American Express automated approval criteria.

Automated Address Verification Program

See Address Verification.

Blank Statement

An American Express Card account for which there is no assigned Cardmember. The account number can be processed because it passes the validation sequence of an actual account; however, it is unassigned. It is possible to obtain authorization codes on non-existent accounts because there is no record of negative history.

Card Acceptance Agreement

A written agreement between the Service Establishment (Merchant) and American Express containing each party's respective rights, duties and obligations with respect to acceptance of the American Express Card.

Card Activated Terminal (CAT)

A point-of-sale terminal whereby a Cardmember inserts their Card to activate a sale without an attendant present to inspect the Card. These devices are most common at gasoline pumps.

Card Identification (a.k.a. CID)

A four-digit code printed (not embossed) on the face of the Card that helps to validate the legitimacy of a Card in a “Card not present” situation, e.g., mail and telephone order.

Card Issuing Bank

In the bankcard environment, the financial institution that issues a Visa or MasterCard to a cardholder.

Cardmember/Cardholder

Term used to identify an individual who carries an American Express Card.

Customer Services (a.k.a. CS)

A department within American Express that researches and resolves Cardmember disputes. It acts as a liaison between Merchants and Cardmembers in the inquiry resolution process.

Charge Record

A record or receipt that contains the account number, transaction date, dollar amount, approval code, Cardmember signature, and other data as stated in the Card Acceptance Agreement.

Chargeback

A generic term that refers to a debit to a Merchant account. There are several categories of chargebacks that occur: submission chargebacks, non-compliance chargebacks, immediate chargebacks, and chargebacks that result from no-reply or an insufficient reply to an inquiry. With the exception of submission chargebacks, all other categories are reflected on American

Express Reconciliation Reports as *adjustments*. Also, see Adjustment.

Chargeback Reversal

Removal of a previously posted debit to the Merchant’s account if a chargeback or adjustment was issued in error.

CID

An acronym for Card Identification. See Card Identification.

CMS

An acronym for Cardmember Services. See Cardmember Services.

Disputed Charge

A claim, complaint or question from a Cardmember about a charge.

EDC

Acronym for Electronic Data Capture. See Electronic Data Capture.

Electronic Data Capture (a.k.a. EDC)

The process used by Merchants to electronically capture charges at the point-of-sale and submit them electronically for payment. The process uses a device, such as a terminal, personal computer or electronic cash register, to electronically capture the charges. The charges are converted to financial records and transmitted for payment using methods such as telephone lines.

ES

An acronym for Establishment Services. See Establishment Services.

Establishment Number

See Service Establishment Number.

Establishment Services (a.k.a. ES)

Departments within American Express that operationally maintain Merchant accounts and the sales of Card services to Merchants.

Fair Credit Billing Act (a.k.a. FCBA)

Federal legislation that provides guidelines for the handling of Cardmember billing disputes. It also protects the Cardmember from dunning or restrictive action as a result of non-payment of a disputed amount. One of its many components legislates the amount of time that a credit card company has to respond to and resolve disputes initiated by Cardmembers.

FCBA

Acronym for Fair Credit Billing Act. See Fair Credit Billing Act.

Fraud Department

The department within American Express that investigates incidences in which charges are billed to a Cardmember's account without the knowledge or permission of the Cardmember.

Full Recourse

Term used to refer to situations in which American Express is entitled to charge back a Merchant for all questionable transactions. American Express has the right of full recourse if the Establishment does not comply with the terms of the Card Acceptance Agreement, or if the Merchant signs a full recourse addendum.

Immediate Chargeback

A chargeback for a disputed charge, for which an inquiry was not generated. Some examples include:

- Altered charge.
- Addition error.

- Cardmember paid Merchant directly and has provided support, e.g., canceled check, receipt.
- Misposted charge; the correct Cardmember cannot be determined.
- Duplicate billing.
- Credit posted as a charge.
- Charge billed in the wrong amount.

Initial Contact

The first inquiry directed to the Merchant concerning a specific disputed charge (as opposed to a follow-up or second request). The initial contact includes detailed information (so the Merchant can research the problem) and the date by which American Express must receive a response.

Insufficient Reply Chargeback

An insufficient reply chargeback occurs when the Merchant's support documentation does not adequately resolve the Cardmember's claim. Such chargebacks may also occur when denial of the Cardmember's claim is not acceptable, based on the Merchant's Card Acceptance Agreement or federal legislation.

Inquiry

A claim, complaint or question that American Express sends to a Merchant about a charge. A Merchant must respond to American Express within twenty (20) days of notification of a disputed charge, per the Card Acceptance Agreement.

Invalid Number

An account number, which fails to meet specific mathematical parameters for American Express Cards and is thus rejected when a Merchant submits charges for payment. Some reasons for rejection include:

- Missing digits on a Cardmember number
- Not an American Express number (i.e., bankcard)
- Invalid American Express number (i.e., transposed numbers)

Issuing Bank

Financial institutions that issue charge and credit cards to cardholders.

Itemization

Itemization generally refers to a retrieval request when the Cardmember has requested a list of items that represent the total billed amount (e.g., rental agreement, lodging folio).

Media

Sales slip, sales draft, record of charge, etc.

Media Request (a.k.a. Retrieval Request)

A request for a copy of the sales slip.
See Retrieval Request.

Merchant

The term for a business or organization that accepts the charge and credit cards for goods or services. (See Service Establishment.)

Merchant Bank (a.k.a. Acquiring Bank)

In the bankcard environment, the financial institution that maintains the Merchant relationship and receives financial transactions from the Merchant.

Merchant Number

Unique numbers issued to Merchants that accept charge or credit cards for purchases. One number will be issued by each card entity, e.g., American Express, MasterCard, Visa. American Express uses Service Establishment Number interchangeably to mean Merchant Number.

Non-Compliance Chargeback

A chargeback for a charge that does not meet the terms of the Card Acceptance Agreement and the Cardmember claims it is fraudulent or it proves to be otherwise uncollectible. Examples include no authorization, missing signature, etc. An inquiry is not normally sent

to a Merchant prior to issuing a non-compliance chargeback.

Non-Recourse

An item for which no chargeback will be initiated.

No-Reply Chargeback

A no-reply chargeback occurs when the Merchant does not reply to an inquiry within the 20-day time frame.

Presentment

A transaction submitted for the first time by a Merchant Bank to an Issuing Bank and processed for payment through the bankcard interchange network.

Procedural Chargeback

See Non-compliance Chargeback.

Reconciliation Reports

Reports that Merchants receive on a periodic basis that indicate American Express payments and deductions from their account.

Reply-By Date

The date by which American Express must receive a full and complete response to a Cardmember inquiry to avoid a chargeback.

Re-presentment (a.k.a. Second Presentment)

Bankcard term for a Merchant re-submitting support for an item previously charged back.

Response

A reply from an Establishment to a Cardmember inquiry.

Retrieval Request

Request for information to support a charge. Often times, this requires the Merchant to send signed documentation or an itemization of the charge in question.

Returned Item

A bankcard term for a transaction sent back to the Merchant Bank and deducted from the Merchant's payment because errors were detected during processing. The comparable American Express term is *submission chargeback*.

Second Presentment

See Re-presentment.

Service Establishment (a.k.a. SE)

An American Express term used to identify a business or organization that honors the American Express Card as payment for goods and services. Service Establishments are often referred to as Merchants.

Service Establishment Number (a.k.a. SE Number)

A unique ten-digit number assigned by American Express to a business or business location that accepts the American Express Card.

Signed Support Documentation

This generally refers to documentation that substantiates that the Cardmember signed for the charge in question. American Express requests this documentation from the Merchant on an as-needed basis.

Submission Chargeback

A chargeback that occurs because the charge could not be processed at the time of submission. This includes invalid account numbers, non-American Express account numbers, etc. Submission chargebacks occur very rarely for transactions submitted electronically. Submission chargebacks are the only deductions classified as *chargebacks* on Reconciliation Reports.