Chargeback Prevention

Chargebacks are costly and time consuming. Below we put together a list of items that will help you avoid disputes.

Respond Quickly
Respond to retrieval requests and chargebacks promptly. Banks will process a chargeback if a merchant doesn't respond to the dispute.

Clearly Post Return Policies
Customers will usually go to a merchant to resolve a dispute first, only initiating the chargeback if they cannot get assistance or a refund. A refund from a merchant to a customer is less expensive.

Swipe Cards When Possible
Card-present businesses can prevent chargebacks by requiring that cards be swiped, and get a signature whenever possible. This makes it easier to prove that the cardholder is the one using the card.

Obtain CVV/CVC Codes
Require customers to enter the 3 digit security code on the back of their card when ordering products online or over the phone.

Declined Authorization
Do not complete a transaction if the authorization was declined. Do not repeat the authorization request after receiving a decline. Simply ask for a different form of payment.

Communicate
Communicate with customers. If customers know the status of their orders, they will be less likely to dispute a charge.

Require Signatures Upon Delivery
Require a signature for goods that are shipped. This prevents customers from claiming a product never arrived.

Track Communication
Keep a record of all communication with customers who make purchases online or over the phone. Often, these records can help prove that a cardholder actually did make a disputed purchase.

Record Customer IP Addresses
For online merchants, keep a record of the IP address used to make transactions. This information will reveal the geographic area where a computer accessed the internet. If a cardholder uses their computer to initiate a chargeback, and the IP address used points to the same location the computer was used to make the order in question, there's a chance the cardholder is attempting friendly fraud (especially if the mailing address matches as well).