

Cardholder Bank Disputed Transactions

*Merchant Card Services
Office of Business and Financial Services*

Welcome!

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Introduction

Cardholders have the right to dispute transactions that they claim were not authorized or were done in error. Once a transaction has been disputed, the cardholder's financial institution requests a copy of the transaction from the merchant.

It is important that all merchants have adequate business processes in place to support the timely response transaction inquiries. The department designates a person to be unit's Dispute Resolution Contact .The [Dispute Resolution Contact](#) is responsible for responding with the requested information from transaction inquiries.

Introduction

An overview of the process workflow for disputing Bank Card Transactions is as follows:

- The cardholder's bank will submit a retrieval request to the merchant's bank.
- The merchant's bank will then submit a request to Merchant Card Services for verification of the transaction data and for a possible chargeback to the merchant account.
- Merchant Card Services will send a request for transaction information to the merchant.
- Merchant Card Services receives the information from the merchant and then submits a rebuttal to the merchant's bank.
- The merchant's bank sends the rebuttal to the cardholder's bank for determination of the status of the disputed transaction.

Types of Disputed Transactions

Transactions are often disputed due to the following reasons:

- The transaction is not recognized by the cardholder from their card statement.
- The transaction is found to be fraudulent.
- A payment card has been reported compromised and this results in a closed account.
- There is a duplicate transaction processing error.
- The card number is invalid.
- The issuing financial institution will not authorize the card for use for various reasons (An example is the transaction has been declined).

The [Dispute Resolution Contact](#) will determine what supporting transaction documentation is necessary depending whether the request is for an immediate chargeback (debit to the CFOAP) or no debit to the account has occurred (***provided that the documentation has been retrieved for bank presentment as required***).

Bank Transaction Processing Requirements

Please follow the instructions below in order to reduce the chance of a chargeback:

- Be sure to submit the security code along with the authorization request.
- Ensure that an approved response with an authorization code were received.
- Determine that an address verification was performed for the cardholder's numeric street address and their zip code, to confirm "match."
- We suggest obtaining some type of proof of delivery that includes the cardholder's billing address and the cardholder signature when shipping or order pick-up is involved.

Please remember: *The ability to provide documentation of evidence increases the likelihood of success in winning chargebacks.*

Bank Documentation Required

The Invoice or Receipt should meet these requirements:

- A partial card number (first two and last four digits)
- The cardholder name
- A summary of the number of items and description of the goods or services purchased.
- The card transaction date and the shipping date if applicable.
- The transaction authorization code.
- The initials of the employee who conducted the transaction.
- The total dollar amount of the transaction, including sales tax and the shipping cost, if applicable.
- The words “card not present” written in lieu of the cardholder’s signature when the card is not available and the card information is manually entered into the processing system.

Bank Documentation Required

Documentation for **card present** transaction disputes should include:

- A transaction receipt or invoice item description and the amount authorized for payment.
- A transaction receipt signed by the cardholder that was produced from the Terminal or POS-System.
- The proof of delivery with the cardholder signature for the items delivered or order pickup.

Documentation for **card NOT present** transaction disputes should include:

- The transaction receipt or invoice item description and the amount authorized for payment.
- A proof of delivery with the cardholder signature for the items delivered or order pick up.

Be sure to follow any necessary instructions requested from Merchant Card Services that are required from the University's bank processor and the cardholder's card issuing bank.

Dispute Processing Details

1. The cardholder contacts their issuing bank to dispute the payment card transaction.
2. The issuing bank sends the dispute to the merchant's bank.
3. The merchant's bank receives the dispute and validates the information given to them by the issuing bank. The merchant's bank receives the inquiry for document retrieval or the chargeback (debit) notification asking for the required response.
4. If the dispute data is validated the merchant's bank sends a retrieval or chargeback (debit) notice to Merchant Card Services.
5. If the dispute data is invalid the dispute is rejected back to the cardholder's bank.
6. Merchant Card Services notifies the merchant's Dispute Resolution Contact.
7. The Dispute Resolution Contact sends the transaction documentation and explanation within 2 business days to Merchant Card Services to meet the bank's due date.
8. If the merchant does not respond within the necessary timeframe to the request, or if the merchant does not respond at all, the transaction is "charged back" by the bank to the merchant account and the funds will be debited to the department CFOAP. ***The bank will not reverse the chargeback (debit) to the department CFOAP once this has occurred.***

Dispute Processing Details

9. Merchant Card Services sends the documentation received from the merchant to the merchant's bank for the required response.
10. The merchant's bank receives the reply for the dispute and forwards all documentation back to the card issuing bank for review.
11. The cardholder's bank receives the reply and reviews the case. The status of the dispute is communicated to the cardholder and to Merchant Services along with any additional steps to be taken.

The dispute status would be either,

- Ruling in the cardholder's favor as credit to the cardholder's card account.
- Ruling in the merchant's favor as credit to the department's internal funds account.

See MCS webpage Training Resources, [Payment Card Process Flows](#), [For Card Disputes](#).

Contact Information

If you have any questions concerning disputed card transactions, please contact Merchant Card Services by email at merchantcardhelp@uillinois.edu, or by phone at 217-244-9384 or by Fax at 217-239-6719.