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money

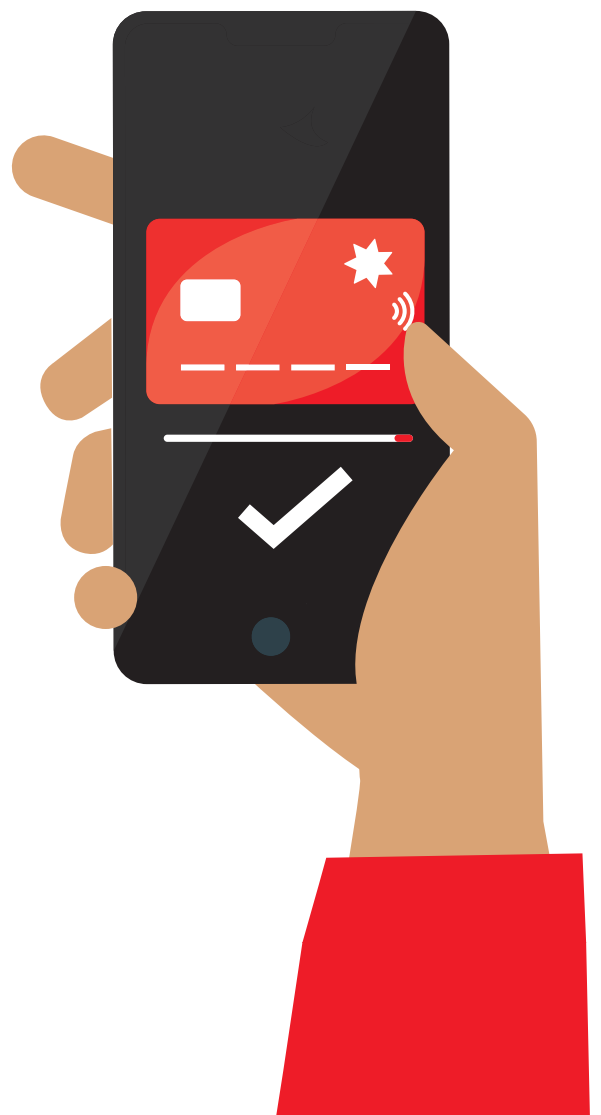


Merchant Chargebacks

Quick Reference Guide

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1. Chargeback process and flow

What is a Chargeback?

A chargeback is a dispute initiated by a Cardholder through their bank to recover funds relating to a card transaction. It is a Scheme rules based and time-sensitive process involving the Cardholder's bank (Issuer), NAB or another financial institution (Acquirer) and you (Merchant) and is a form of protection for Cardholder's when making payments. Chargebacks are typically initiated when a Cardholder believes there has been an error, fraud or unauthorised transaction on their card. If the chargeback is resolved in favour of the Cardholder, the transaction will be debited ("charged back") to their account. This will result in the loss of the full sale proceeds of the transaction and a \$25 chargeback fee will also apply. If the chargeback is resolved in your favour, the full disputed amount and chargeback fee will be credited to your settlement account. If you have not been debited at this point, the chargeback case will close, and you will not be debited at all.

Chargeback Timeframes

Challenging a disputed transaction to avoid a chargeback debit involves meeting timeframes. Below are general guidelines for each card scheme that you, NAB and the Cardholder's Bank will need to follow.

Visa Timeframe

Cardholder Dispute Initiation: Cardholders have up to 120 days from the transaction date to raise a dispute with their Bank (timeframes may vary depending on the dispute reason code).

Merchant Response: Once a chargeback is notified to the Merchant's bank, you then have up to 30 days to submit a response to NAB which will be communicated to the Cardholder's Bank.

If you do not provide a response within the set time frame, the case will be resolved in favour of the Cardholder and the transaction will be charged back from your settlement account.

Pre-Arbitration: If the Cardholder's Bank challenges the chargeback further with supporting evidence, a pre-arbitration stage begins. The Cardholder's Bank then has an additional 30 days to review and respond.

Arbitration: If the Cardholder's Bank rejects your response, NAB has 10 days to initiate the case to arbitration.

Mastercard Timeframe

Cardholder Dispute Initiation: Cardholders have up to 120 days from the transaction date to raise a dispute with their Bank (timeframes may vary depending on the dispute reason code).

Merchant Response: Once a chargeback is notified to the Merchant's bank, you then have up to 45 days to submit a response to NAB which will be communicated to the Cardholder's Bank.

If you do not provide a response within the set time frame, the case will be resolved in favour of the Cardholder and the transaction will be charged back from your settlement account.

Pre-Arbitration: If the Cardholder's Bank challenges the chargeback further with supporting evidence, a pre-arbitration stage begins. The Cardholder's Bank then has an additional 45 days to review and respond.

Arbitration: If the Cardholder's Bank rejects your response, NAB has 30 days to initiate arbitration.

eftpos Timeframe

Cardholder Dispute Initiation: Cardholders have up to 210 days from the transaction date to raise a dispute with their bank. Anything older than 210 days cannot be disputed as per eftpos Scheme Rules. The Cardholder must then provide sufficient evidence to support their claim before a chargeback is made against you.

Merchant Response: Once a chargebacks is notified to the Merchant's Bank, you have up to 30 days to submit a response to NAB which will then be communicated to the Cardholder's Bank.

If you do not provide a response within the set time frame, the case will be resolved in favour of the Cardholder and the transaction will be charged back from your settlement account.

Pre-Arbitration/Arbitration: Eftpos disputes will typically be resolved prior to arbitration. However, pre-arbitration is an option when we cannot resolve the chargeback between the two banks.

These timelines ensure a structured approach to resolving chargebacks while providing Merchants (you) and the Cardholders Bank with specific windows in which to respond at each stage.

NAB Policies relating to Chargebacks

Adhering to NAB Chargeback policies is important to ensure we allow sufficient time to resolve a case and have the best opportunity to deliver the right outcome.

For Fraud Related Chargebacks, NAB will debit your account **10 calendar days** after the initial chargeback notification if you fail to provide a response. However, you will still have the opportunity to contest the chargeback within the applicable Scheme rule timeframes as set out above.

2. Refunds

Below is an outline of the refund process and liability for you when a chargeback occurs.

Refund processed back to the same card number

Refund Matching: If a refund is processed back to the same card number before or during the chargeback period, the refund evidence will resolve the dispute. The chargeback may be closed or prevented, depending on timing.

Proof of Refund: You should retain proof of the refund transaction to provide evidence in case the customer raises a chargeback notwithstanding the refund.

Double Refund Risk: If a chargeback is processed after a refund has been made, you might end up refunding the customer twice (once through the initial refund and again through the chargeback). It's important for you to monitor for chargebacks raised even after the refund is processed. When a chargeback is raised, and a planned refund is not yet processed it is best to ask the chargeback team to "accept" the dispute and the funds will be disbursed accordingly.

Liability: You remain liable for the amount refunded, along with any chargeback fees, unless the chargeback is successfully challenged or cancelled.

Refund processed back to a bank account

Potential for Chargeback: If a refund is processed to the customer's bank account rather than back to the original card, the customer may still dispute the original transaction. It will be more difficult to resolve the case in your favour if this is the case and the dispute will most likely be accepted in the Cardholder's favour.

Documentation and Communication: You should document the refund transaction and communicate with the customer to ensure they are aware of the refund method. This documentation can be essential if a dispute is raised later.

Risk of Chargeback Fees and Double Refund: If a chargeback is processed after a bank account refund, you could end up refunding the customer twice. A \$25 Chargeback fee may also be applied unnecessarily.

Liability: You may be liable for the chargeback unless they can provide sufficient evidence that the refund was processed to the customer's bank account.

Key Takeaways for Merchants

Monitor Accounts Regularly: You should watch for duplicate refunds in cases where refunds are processed outside the chargeback system.

Retain Clear Documentation: Keeping accurate records of refund transactions, including receipts and customer communications, can help mitigate liability.

Customer Communication: Clear communication with customers about refunds, particularly if they are processed outside the original payment method, can reduce misunderstandings.



3. Electronic Reporting System (ERS) and communication with NAB

Our Electronic Reporting System (ERS) provides a single, centralised platform for case tracking and reporting, and ensures faster chargeback resolution. When you receive a chargeback notice via email, directing responses to RFI.responses@nab.com.au will ensure the documentation provided is reviewed promptly. That email will also advise you of what you require to either contest or accept the chargeback.

Once documentation is received, we can either continue your case based on sufficient documentation provided or request for further information from you.

Merchants can sign up to ERS by email to merchantchargebacks@nab.com.au.

Please include the following information in your email when signing up:

- Merchant name:
- Email Address/s:
- Contact Number:
- Contact Person/s:
- Customer#, Merchant ID or Store #:

The above information can be located on your letter of offer or on your Merchant statement.



4. Challenging Fraud – No Cardholder Authorisation Disputes

If a chargeback has been raised alleging an unauthorised purchase of goods or services our communication to you will ask for evidence of the following:

- Photographic/email evidence to prove the Cardholder is in possession of or has received the goods or service.
- Cardholder signature upon pick up on form/signed order.
- For eCommerce purchases where customer details are matching Cardholder information eg. customer log in, telephone number or delivery address.
- For Travel & Entertainment transactions - evidence showing any other purchases during the service period or reward points earned/redeemed.
- The Cardholder no longer disputes the transaction.

Unverified Ecommerce Transactions

3D Secure (3DS): Is an authentication protocol designed to authenticate online transactions by providing an additional layer of security primarily through a password or a one-time code sent to the Cardholder's phone. 3DS shifts liability for fraud-related chargebacks to the card Issuer when authentication is successful. This reduces risk for your business by confirming the Cardholder's identity before the transaction is completed, thus helping prevent unauthorised transactions and chargebacks. For more information, please contact the Merchant Helpdesk 1300 369 852 or your relationship manager.

Manual Key Entry

If you are a MOTO merchant or we have consented in writing to you manually entering transactions using the keypad (key entry) you need to be aware of the risks. When processing a transaction manually through your terminal i.e. keying the card number into the terminal, there are heightened fraud, and chargebacks risks to consider. Since the card is generally not physically present, the terminal is unable to confirm the Cardholder's identity through reading the chip, or via the Cardholder's PIN, or signature. This increases the likelihood of unauthorised parties using stolen card details.

Key-entered manual transactions are considered unsecure, and the liability for any resulting fraud-related chargebacks falls on the Merchant. Always request another payment type from the Cardholder if possible and if you find you are not using key entry or are concerned about risk, we recommended that you request it is disabled on your terminal. If you do need to use key entry, we advise that keep your terminal locked and protected with a strong password to prevent unauthorised use when unattended. Never hand your terminal to a customer as this can lead to a process of an 'unauthorised' transaction.

Tips to Reduce Risk and Protect your Business:

Limit manual key entry transactions to essential situations only. Always consider using secure methods of payment where the card is present or validated through secure technologies like chip and PIN.

Ensure all Cardholder information is entered correctly. Double-check the details to minimise errors that might lead to chargebacks about unauthorised transactions.

Keep accurate and detailed transaction records. This can help strengthen your case in the event of a chargeback.

Monitor transaction patterns. Look for anything unusual, such as higher-than-normal transaction amounts or repeated manual entries, as these could indicate fraudulent activity.

This can help protect your business from the risks associated with manual key entry transactions and reduce your exposure to fraud-or error related chargebacks. If you have doubts, consider calling the Merchant help desk to have key entry switched off on your terminal.

5. Challenging Consumer Disputes; What evidence is required?

Eftpos, Visa and Mastercard assign a specific reason code to each type of dispute, categorising the nature of the dispute. These reasons help Merchants, Cardholders and Banks understand the basis for the dispute and to respond appropriately if they are able, to resolve the matter.

Services not provided or merchandise not received:

A chargeback has been raised by the Cardholder's bank, citing that goods or services were not received. Please provide any relevant supporting documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.
- The Cardholder or an authorised person received the goods or services at the agreed location or by the agreed date/time.
- Cardholder signed a waiver absolving you from responsibility when the goods are not received.
- Signed or agreed to T&Cs that provide that the goods can be left at a secure location without a signature being obtained.
- Signed delivery confirmation by an authorised person that the goods or service have been received.
- For an airline transaction, evidence that the flight departed.

Not as described or defective merchandise/service:

A chargeback has been raised by the Cardholder's bank, citing that goods or services were not received. Please provide any relevant supporting documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.
- Proof that goods or service matched the description at the time sale or were not damaged/defective.
- Cardholder did not attempt to return the goods or certification that the returned goods have not been received.

Credit not processed:

A chargeback has been raised for cancelled goods or service where a refund was not processed. Please provide any relevant supporting documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.

- Evidence of the Cardholder cancellation.
- Evidence showing that the customer has accepted the terms and conditions/policies before time of transaction.

Cancelled merchandise/services:

A chargeback has been raised by the Cardholder for a credit yet to be processed due to cancelled goods or service. Please provide any relevant supporting documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The transaction receipt or other record to prove that you properly disclosed a limited return or cancellation policy at the time of the transaction.
- The Cardholder no longer disputes the transaction.
- Evidence that demonstrates that the Cardholder received your cancellation or return policy and did not cancel.

Paid by other means/duplicate processing & POI error transaction:

A chargeback has been raised because the transaction was processed twice for the same goods or service. Please provide any relevant documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.
- Two separate transaction receipts or other record to prove that separate transactions were processed.
- Evidence to prove that you did not receive an additional payment such as your merchant statement.

Cancelled recurring transaction:

A chargeback has been raised by the Cardholder for a recurring charge for cancelled goods or services. Please provide any relevant supporting documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.
- Evidence that the Cardholder requested cancellation for a different date and services were provided until this date.
- Evidence that you posted charges to the Cardholder after services have been provided and that the Cardholder received services until the cancellation date.



Counterfeit merchandise:

A chargeback has been raised by the Cardholder for receipt of counterfeit goods. Please provide any relevant supporting documents including one of the following to contest the chargeback.

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.
- Evidence that the merchandise was not counterfeit such as a document of the quality of the product.

Misrepresentation:

A chargeback has been raised by the Cardholder for a misrepresentation of the terms of sale. Please provide any relevant supporting documents including one of the following to contest the chargeback:

- A credit or reversal processed back to the original card.
- The Cardholder no longer disputes the transaction.
- Evidence to prove that the terms of sale were not misrepresented including sending notice of the expiry of a “free trial period” if relevant.
- To prove that, at the time of the initial transaction, the Cardholder expressly agreed to future Transactions.
- To prove that you notified the Cardholder of future transactions at least 7 days before the transaction date.

6. Minimising chargebacks

Our top 5 recommendations:

1. Provide Clear Transaction Descriptions

Ensure your business name and transaction details are easily recognisable on customers' statements to reduce chargebacks.

2. Maintain Accurate Records

Keep all receipts, invoices, and proof of delivery. Accurate documentation can help resolve chargebacks quickly.

3. Implement Strong Refund Policies

Offer straightforward and customer-friendly refund processes to address issues before they escalate to chargebacks.

4. Verify Transactions

Use fraud prevention tools (such as 3D Secure) or other multi-factor authentication services to verify that the genuine Cardholder is using the card for online purchases and for in-store transactions please advise your customer to enter a pin to minimise unauthorised purchases.

5. Communicate Proactively

Respond promptly to customer inquiries or complaints to resolve issues directly and avoid chargebacks.

FAQ's

Q How can I limit liability for chargebacks and fraud?

When accepting card payments where the Cardholder or the card is not present at the time of the transaction, you need to ensure that you and your team carefully assess whether the sale is genuine, and the actual Cardholder is the person processing the transaction. The majority of fraud related cases are card not present, so you need to implement additional checks for these transactions, particularly for international and over the phone sales. Authorisation of the purchase does not confirm that the sale is legitimate; only whether funds are available and that the card has not been reported as lost or stolen.

Q Can my account be debited before information has been requested?

You will be sent a debit notification (prior to your account being debited) for a chargeback via email or letter. You will be advised of the relevant information required by the Chargeback Team to challenge the chargeback.

Q Will I receive a confirmation when I send the requested information to you?

If you have registered for our Electronic Reporting System (ERS), we will notify you that the requested information has been received. Therefore, we strongly recommend you register otherwise letters will be sent to your nominated mailing address potentially causing delays in advising an outcome.

Q Why didn't I receive notification that my account would be debited?

You will be advised of the chargeback details before the amount is debited from your account. Keep your mailing address details up to date with NAB to ensure you receive any written notifications. Also check your email address is correct when registering for the Electronic Reporting System (ERS).

Q Why has a chargeback fee of \$25.00 AUD been charged to my settlement account?

The chargeback fee is debited from your nominated settlement account (\$25.00 AUD) as chargeback fees are outlined in your Letter of Offer and your obligation to pay them is contained in your Merchant Agreement.

Q Can Chargeback Fees be reversed?

The chargeback fee covers the administration cost incurred for processing a disputed transaction. This fee is charged when a Merchant is found liable for a chargeback. We generally are not able to reverse or exempt chargeback fees for any chargebacks, but you may discuss the chargeback fee with your Relationship Manager or the Chargeback team.

Q Why am I being debited for a chargeback when I provided the information requested?

If the decision has been made in favour of the Cardholder, your account will be debited, and you will be advised of the reason. It could be due to insufficient evidence to challenge the chargeback. You can request a review by contacting us on 1300 781 935 (option 3) or via email without delay to ensure your chargeback case is reviewed in a timely manner.

Q I have been advised that the disputed transaction is fraud. Why wasn't this advised earlier?

Fraud is commonly only identified when the genuine Cardholder receives their credit card statement and identifies a transaction they did not make. The transaction is then disputed, and the investigation reveals that fraud has occurred.

Q Why should I be liable for key entered transactions when the Cardholder, me and the card is on my premises – I just manually entered the card number?

The key entry feature is only available with our consent and transactions accepted using it are classified as 'Card Not Present'. This is because the card data is not read by the terminal and it is difficult to prove the card was present at the time of sale. If a card cannot be recognised or processed via the terminal, you should think carefully about key entering the transaction as you will be liable for the transaction if it is disputed. Always request another payment type from the customer if possible and if you find you are not using it or are concerned about risk, we recommended that you request key entry is disabled on your terminal. If you do need to use key entry, we advise that keep your terminal locked and protected with a strong password to prevent unauthorised use when unattended.

Q I have received a dispute letter from NAB and do not have enough time to respond by the requested date. Can I have longer to respond to this request?

You are required to respond to requests for information within the timeframes provided. If you require an extension, you will need to contact the Merchant Chargebacks team to see if there is still time within the relevant Schemes rules. For these reasons we strongly recommend you are signed up to the Electronic Reporting Service (ERS) to ensure timely notification and response times for any disputes raised against you.

Q Alternative options?

What can I do if I want to challenge a chargeback? If you have raised the issue with NAB but do not feel it has been resolved to your satisfaction, you can contact the NAB Resolve team on 1800 152 015. 35.3 If after referral to NAB Resolve your concern is still not resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA):

Website: afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC 3001

AFCA is an External Dispute Resolution (EDR) scheme to deal with complaints from consumers in the financial system. AFCA provides fair and independent financial services complaint resolution that's free to consumers.

Links to helpful sites:

[Chargebacks: prevention and dispute guide for merchants | NAB - NAB](#)

[Protecting Your Business Online With 3-D Secure Banking - NAB](#)

[How does authentication work with EMV 3DS Secure \(nab.com.au\)](#)

For more information visit

nab.com.au

or call us on **13 22 65**

7am – 9pm AEST Monday to Friday

8am – 6pm AEST Saturday to Sunday

or ask at your **local branch**



Hearing impaired customers
with telephone typewriters can
contact us on **1300 363 647**