

"National Processing Company (NPC)-Retrieval Request & Chargeback Guide

Merchants with First National Bank of Omaha (FNBO) as Sponsor"

What is a retrieval request?

A retrieval request is usually initiated when a cardholder questions a transaction they see on their billing statement. Issuer's may also initiate retrieval requests for legal reasons such as to comply with a subpoena. On the notice you will be advised of the number of days you have to respond to a retrieval request.

How do I respond to a retrieval request?

If a retrieval request is received, find the appropriate sales receipt, make a legible copy, and fax or mail it to NPC within the timeframe specified on the notice. NPC will then send the copy to the issuer. If the cardholder requested the retrieval request then the copy will be sent to the cardholder. Usually the documentation provided usually resolves the question or issue the cardholder had with the transaction.

What happens when you don't respond?

It is very important to respond to the retrieval request as soon as possible. Please make sure the copy is legible. When copy requests are not fulfilled in a timely manner, or the copies are illegible, they almost always result in a chargeback.

What is a chargeback?

A chargeback is the reversal of the dollar value (financial liability), in whole or in part, of a particular transaction by the card issuer to the acquirer, and usually, by the merchant bank to the merchant. For the merchant business, chargebacks can be costly. You may lose both the dollar amount of the transaction being charged back and the related merchandise. You also incur your own internal handling costs to process a chargeback.

What triggers a chargeback?

Chargebacks arise for many reasons, primary among which are customer disputes, fraud, processing errors, authorization issues, and non-fulfillment of copy requests. Many types of chargebacks result from easily avoidable mistakes and omissions—so, the more you know about proper procedures, the less likely you will be to inadvertently do, or fail to do, something that might result in a chargeback. Of course, chargebacks are not always the result of something merchants did or did not do; sometimes errors are made by acquirers, card issuers, and cardholders.

Where do I mail or fax documentation concerning a Retrieval or Chargeback?

First National Merchant Solutions/ NPC
Attn: Retrieval & Chargeback Department
P. O. Box 3190
Omaha, NE 68103-0190
Fax: (402) 633-3084 or (402) 633-1999
Phone (800) 683-2289

Avoiding illegible transaction copies

When your acquirer requests a copy of the transaction receipt from you, it must be photocopied and/or image-scanned. The copy should then be mailed or electronically sent to the acquirer. If the transaction information on the original transaction receipt is too light, too small, or on colored paper, the receipt will not copy or scan legibly. Since an illegible copy defeats the purpose of the copy request, the transaction may be returned to you as a chargeback for "illegible copy." Unless the readability of the transaction receipt can be improved, you may end up taking a loss on that transaction. To avoid causing illegible transaction receipts:

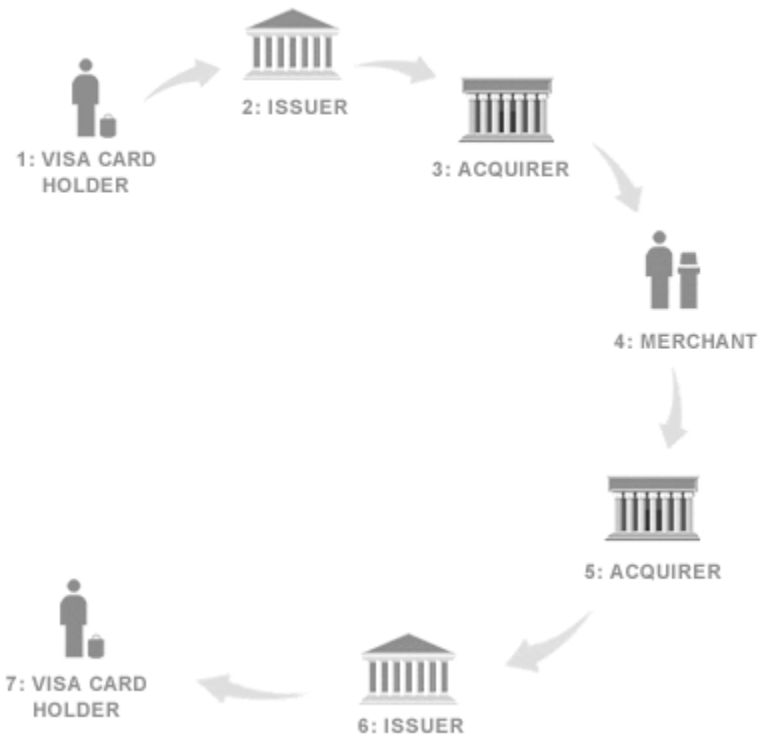
- **Change point-of-sale printer cartridge routinely**—Faded, barely visible ink on sales receipts is the #1 cause of illegible receipt copies.
- **Change point-of-sale printer paper when colored streak first appears**—The colored streak down the center or the edges of printer paper indicates the end of the paper roll and diminishes the legibility of transaction information.
- **Keep white copy of sales receipt**—Give customers the colored copy. Colored paper does not copy as clearly as white paper and often results in illegible copies.
- **Handle carbonless paper and carbon/silver-back sales receipt paper carefully**—Silver-back paper appears black when copied. Any pressure on carbonless and carbon-back paper during handling and storage causes black blotches, making copies illegible.
- **If your establishment microfilms sales receipts, make copies from the microfilm at the same size as the original receipt**—Reduced images result in blurred and illegible copies and could result in "illegible copy" chargebacks.

- **Position the company's logo or marketing messages on sales receipts away from transaction information**—Your company name, logo or marketing message printed across the face of sales receipts can make copies illegible and cause you to receive "illegible copy" chargebacks.

Chargeback cycle

Most chargebacks begin when a cardholder reports a problem to the card issuer. Here is a quick snapshot of the streamlined Chargeback Life Cycle in a customer-initiated dispute situation.

Note: "Acquirer" refers to the "merchant bank" or merchant's financial institution.



Responding to chargebacks

Some chargebacks can be resolved easily without the merchant having to lose the sale. This can be done by simply providing additional information about the transaction or about specific actions taken regarding the transaction. The key here is to always supply as much information as possible to your acquirer to help them remedy the chargeback. Consider these guidelines to ensure you have a system in place.

- Know your representation rights to avoid unnecessary losses for your business.
- Act promptly when customers with valid disputes deserve credits.
- When cardholders contact you directly to resolve a dispute, issue the credit on a timely basis to avoid unnecessary disputes and their associated chargeback processing costs.
- Let cardholders know immediately of the impending credit.
- Respond to a chargeback as quickly as possible.
- Address all of the cardholder's pertinent claims.
- Be sure to supply "compelling" information to prove the true cardholder participated in the transaction, received the goods or services, and benefited from the transaction.

Examples of compelling information

- Correspondence between the cardholder and merchant that proves the merchant spoke to the cardholder or received a letter stating that they acknowledge the validity of the transaction.
- Evidence that the merchant swiped or imprinted the card, received an authorization approval, and the cardholder's signature.

Did you know the Visa and MasterCard rules are found on the web?

You can access the sites by visiting www.npc.net. Look under the Compliance, Card Acceptance tab you will find the links to these websites.

Preventing Chargebacks

Most chargeback situations arise at the point of transaction—at the time the transaction is completed—and most can be prevented with a little training.

Consider these 15 tips to avoid potential chargebacks.

1. Do not complete a transaction if the authorization request was declined. Do not repeat the authorization request after receiving a decline.
2. If you receive a "Call" message in response to an authorization request, call your authorization center. Be prepared to answer questions. The operator may ask to speak with the cardholder. If approved, write the authorization code on the sales receipt. If declined, ask the cardholder for another form of payment.
3. Make an imprint for all card-present transactions. If you have a point-of-sale terminal with a magnetic-stripe reader, swipe the card through the reader for every face-to-face transaction. If the terminal isn't working or a card's magnetic stripe cannot be read, key-enter the account information and make an imprint of the embossed information onto the sales receipt using a manual imprinter. Even if the transaction is authorized and the cardholder signs the receipt, if the receipt does not have an imprint of the embossed account number and expiration date, the transaction may be charged back to you for "no imprint" if the cardholder later denies participating the transaction.
4. Obtain cardholder signature. The cardholder's signature on card-present transactions is required. Failure to obtain the cardholder's signature could result in a chargeback for "no signature" if the cardholder denies authorizing or participating in the transaction.
5. Make only one imprint of the card for each transaction. Making more than one imprint can lead to duplicate deposits and increase the chance of a chargeback. If you need to redo a sales receipt because of an error, write "VOID" across the incorrect sales receipt, inform the cardholder, and tear up the incorrect sales receipt in view of the customer.
6. Ensure that transactions are entered into point-of-sale terminals only once—and deposited only once. Entering the same transaction into a terminal more than once, or depositing both the merchant copy and the bank copy of the sales receipt with your acquirer, or depositing the same transaction with more than one merchant bank can all result in "duplicate transaction" chargebacks.
7. Ensure that incorrect sale receipts are voided and that transactions are processed only once.
8. If your establishment has policies regarding merchandise returns, refunds, or service cancellation, disclose these policies to the cardholder at the time of the transaction. Your policy should be pre-printed on your sales receipts; if not, write or stamp your refund/return policy information on the sales receipt near the customer signature line before the customer signs (be sure the policy shows clearly on all copies of the sales receipt). Failure to disclose such policies at the time of the transaction will be to your disadvantage should the customer return the merchandise.
9. Deposit sales receipts with your merchant bank as quickly as possible. Failure to deposit in a timely manner can result in chargebacks for "late presentment."
10. Deposit credit receipts with your acquirer as quickly as possible, preferably the same day as the credit transaction is generated. Failure to process credits in a timely manner can result in chargebacks for "credit not issued."
11. If a customer requests cancellation of a recurring transaction which is billed periodically (monthly, quarterly, annually), always respond to the request and cancel the transaction immediately or as specified by the customer. As a customer service, advise the customer in writing that the service, subscription, or membership has been cancelled and state the effective date of the cancellation. Failure to respond to customer cancellation requests almost always leads to chargebacks.
12. Keep customers informed on the status of their transactions.
13. If the merchandise or service to be provided to the cardholder will be delayed, advise the cardholder in writing of the delay and the new expected delivery or service date.
14. If the merchandise ordered by the cardholder is out of stock and delivery will be delayed or this item is no longer available, advise the cardholder in writing and offer the cardholder the option of purchasing a similar item or canceling the transaction. Do not substitute another item unless the customer agrees to accept it. By giving the customer notice and the option to cancel, you may help avoid a customer dispute regarding the merchandise and a possible chargeback.
15. **Ship merchandise before depositing transaction.** Don't deposit transactions with your merchant bank until you have shipped the related merchandise. If customers see a transaction on their monthly statement before they receive the merchandise, it could lead to a preventable chargeback.