

Disputes processing – card brand responses

Worldpay from FIS has been in close contact with the card networks over the past few weeks regarding their response to the COVID-19 pandemic and Dispute operations.

Each network is closely monitoring the situation and provided the following updates in regard to dispute processing, along with best practices to keep in mind during this time.

Visa

After a thorough analysis of the disputes process, Visa has determined that lengthening dispute timeframes is not a practical solution. The level of integration and automation embedded in the existing global disputes process would make such changes not viable and likely result in a large manual backlog for all clients.

- If a merchant is unable to provide goods or services because of a government mandate to cease operations, a cardholder is not permitted to initiate a chargeback for services not rendered or goods not received. Examples: gym memberships or concerts.
 - Cardholder should contact merchant directly to resolve the dispute.
 - If a chargeback is initiated, merchants must provide a copy of the government order on their dispute response.
- If a cardholder wants to return merchandise but the merchant location is closed, the cardholder may initiate a chargeback.
 - Cardholder is required to contact the merchant as some merchants are extending return windows or making other arrangements to accept returns.
- Visa is also implementing a **Dispute Monitoring Program starting April 1** to monitor consumer-related disputes for Airlines, Entertainment, Lodging, Transportation, and Travel Services.
 - Issuers submitting 50 or more disputes to those merchant types will be flagged for review. If their dispute doesn't meet the Visa chargeback requirements, the issuer must reverse the chargeback.
 - Fines will be assessed to issuers who repeatedly show up in the program.
- Visa's Excessive Chargeback programs are being modified starting April 1.
 - The Visa Acquirer Monitoring Program and the Visa Fraud Monitoring Program will be suspended for merchants in T&E MCCs through the July compliance cycle.
 - The Visa Acquirer Monitoring Program will be suspended for disputes arising from T&E merchants through the July compliance cycle.
 - Visa may suspend or waive fees for non-T&E merchants if it can be proven that the pandemic directly impacted them.

[Click here](#) to download Visa's Best Practice Guide.

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Visa Disputes Best Practices Recommendations for Online Merchants

Online merchants may want to ensure their websites provide current information, including:

- Guidance on how customers can contact you.
- Reminders for customers that the you are handling large volumes of inquiries and therefore may take longer than usual to respond.
- For merchants that process automatic refunds, advise cardholders of this on your website to reduce unnecessary calls / inquires. For example: Travel between March 18 and March 20 will be automatically refunded within the next 15 days.

Disclosure for Online Purchases

Online merchants are permitted to provide sample screenshots (as shown in the example below) as evidence the return, refund, or cancellation policy was referenced during the sequence of pages during checkout.

I accept that I have read and agree to the [online purchase details](#) and the [return and cancellation policy](#) for the rate.

CONFIRM

Managing Disputes Through COVID-19: Government Prohibition and Dispute Processing Guidelines

Visa has provided additional information to support customers with managing disputes through Covid-19. The information below is intended to assist with managing disputes, including processing guidelines regarding government prohibitions on a merchant's ability to provide services.

Merchants are reminded to ensure they adhere to all government regulations and/or laws within their respective jurisdictions. Client obligations under the Visa Rules are avoided only to the extent of a direct and explicit conflict with applicable law and/or regulation (including COVID-19 related government orders and decrees).

Dispute Response and Pre-Arbitration Processing Guidelines

Visa recognizes government laws and restrictions are being enacted in many countries and localities to address the COVID-19 situation. Merchants need to provide evidence of such laws and restrictions as evidence to support their claim. To support clients in the following COVID-related dispute processing examples, Visa is making the following temporary accommodations to dispute processing **effective immediately** for Dispute Condition 13.1: Merchandise / Services Not Received.

Pre-Arbitration Responses Processed Through 31 May 2020: Merchants that have already responded to an incoming dispute for Dispute Condition 13.1: Merchandise / Services Not Received with insufficient evidence (e.g., a verbal statement that a government prohibition on providing services was in place), are now permitted to respond to the issuer's pre-arbitration case with the required evidence of the government prohibition.

Note: If a merchant has already processed a pre-arbitration response prior to this publication and the issuer has submitted an arbitration case, the merchant will be permitted to supply evidence of government prohibition within seven calendar days of the arbitration acknowledgment date.

Effective for Dispute Responses processed on or after 1 June 2020, the temporary accommodation dispute processing guidelines above will be retired and merchants must provide evidence of the government prohibition at the dispute response stage.

Government Prohibition and Restrictions

Government prohibition is defined as a law, regulation, government order or decree that the merchant would have violated by proceeding to provide its services to the cardholder during the COVID-19 crisis. Laws or regulations that restrict the merchant's customers, as opposed to the merchant itself, do not negate the issuer's dispute rights. Merchants have the burden of proof to determine if something qualifies as government prohibition and must provide evidence of the law or regulation that **explicitly** prohibits them offering the service.

The cases of government prohibition superseding the Visa Rules are very limited and in most scenarios, issuers will continue to have dispute rights. Visa is providing examples to assist clients in understanding what would be **considered a valid** government prohibition.

Border is closed and a government expressly prohibits an airline from flying into the country.

Example: Effective March 22, 2020 at 11:59 p.m., international flights to St. Maarten are prohibited for two weeks and airlines are not allowed to bring any passengers into the country, including residents / nationals. The only flights allowed are cargo flights or ferry flights to pick up passengers to return them to their homes. No restriction applicable for crew (cargo and ferry flights).

Non-essential business closure on order of the government (e.g., gym, golf membership, camps, indoor and outdoor recreational and cultural facilities).

Example: Effective March 24, 2020 the country enacts declaration of emergency to protect the public by requiring the closure of non-essential businesses. Gyms are not on the list of essential services and are therefore mandated to remain closed under this regulation.

Visa is providing the following example to assist with understanding what would **not be considered** a valid government prohibition.

Business is still able to operate without violating the law but makes a business decision to close. **Examples:**

- Advisory regarding risks of traveling to a specific destination.
- Recommendations against gatherings of a certain size.
- Guidance or best practices by government agencies or industry groups.
- Non-essential public event advisory for voluntary closure (e.g. concerts).
- Mandated maximum number of people allowed to gather (e.g., impacting large events like concerts, theaters, weddings).
- Restrictions impacting the merchant's passengers or other customers from showing up to receive services.

Mastercard

- Effective April 1, assessments in the Excessive Fraud Merchant program will be suspended for 6 months. MasterCard will continue to identify merchants with excessive fraud in the eCommerce space during this time.
- For 4 months, starting April 1, MasterCard will suspend Excessive Chargeback Merchant identification for airlines, cruise lines, passenger railways, and travel agents.
- If the merchant has cancelled services, he may offer the cardholder a reasonable alternative for future service.
 - Cardholder is not obligated to accept unless the merchant's terms and conditions include such a clause and was properly disclosed at the time of the original transaction.
 - Situations in which a merchant refuses to issue credit citing legislation or government regulation will be reviewed on a case-by-case basis.

[Download](#) the Mastercard Best Practices Guide.

American Express

American Express encourages participants to extend the following changes to their merchant customers:

- **Dispute Response Time**
 - 'Reply by' timeframes for all fraud and non-fraud disputes are changing from 20 to 30 days for disputes issued between March 1, 2020 and May 31, 2020
 - If a No Reply Chargeback associated with a dispute notification issued on or after March 1, 2020, provide support through a second presentment
- **Chargeback-Related Fees**
 - Fees will continue to be assessed, but American Express will issue a credit for all Excessive Chargeback Fees assessed through June 30, 2020. This is for any Program participant or merchant exceeding the threshold during this time
- **Data Security Non-Validation Fee**
 - Extending submission of PCI validation documentation to June 30, 2020
 - Suspending Data Security Non-Validation fee for the reporting period through June 30, 2020
- **No Signature Required Reminder**
 - Accepting merchants can choose not to collect signatures at the point of sale for any purchase transaction

Discover

The Discover Disputes process will continue as normal until further notice. Merchants are encouraged to be flexible and to act in good faith to resolve disputes. Below is a list of Best Practices from Discover.

- Merchants are encouraged to work together with their customers to provide refunds, alternate accommodations, and/or vouchers for rescheduled events as a result of services not rendered due to coronavirus restrictions.
- Merchants are encouraged to cease charging 'no show' fees for Cardholders in impacted areas, and to work with their customers to find an amicable resolution.
- As applicable, Merchants are encouraged to communicate with their customers and work together regarding potential delays or extensions of goods or services.

PIN Debit Networks

STAR Network

STAR network has announced temporary extension of select timeframes for Exception Processing actions in response to COVID-19. The Exception processing timeframe extensions are effective Monday, March 23, 2020 and will remain in effect until further notice. Issuers have more time (60 days) to dispute an adjustment from the merchant.

Accel

Accel has announced temporary extensions of select timeframes for Exception processing actions in response to COVID-19 on every aspect of daily living including standard operating procedures of financial institutions, merchants and processors.

The timeframe extensions are effective March 25, 2020 and will remain in effect until further notice.

Please reach out to your Relationship Manager if you have any questions regarding the above communications.