

90 Day ~~Fiancé~~ Card Dispute



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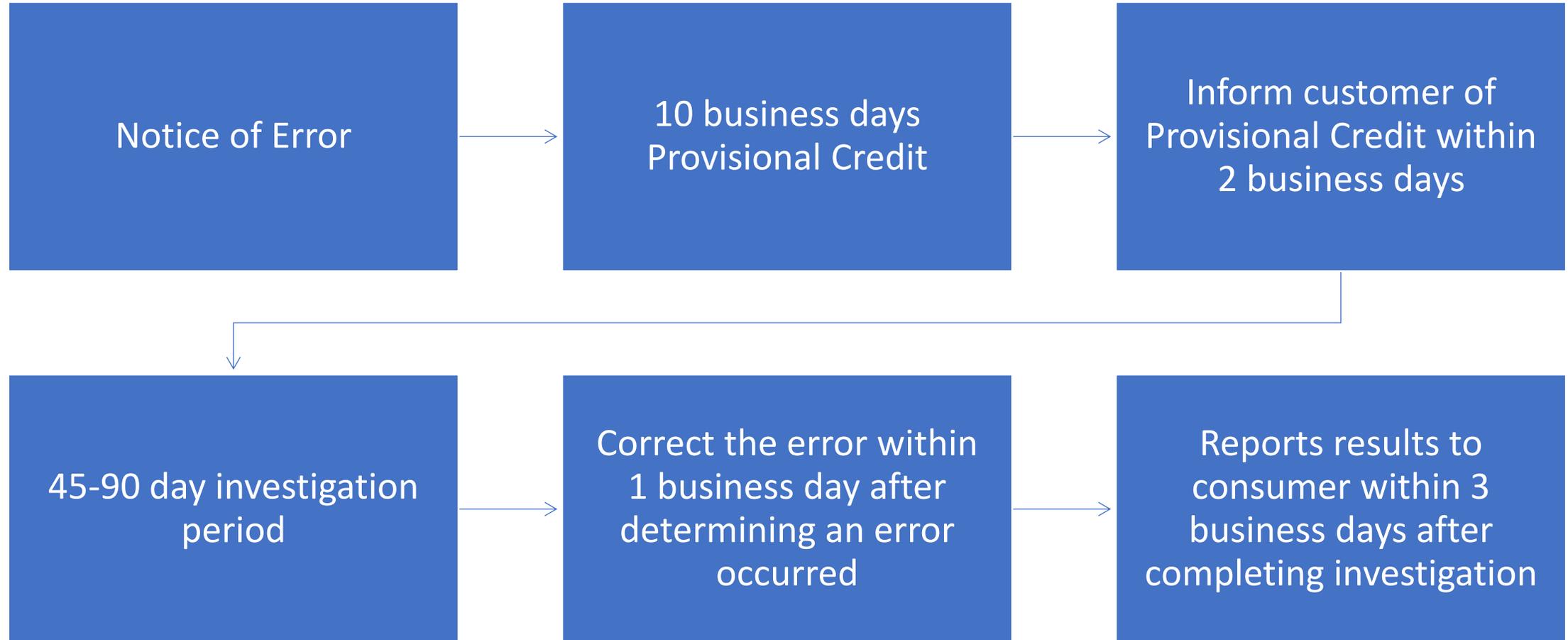
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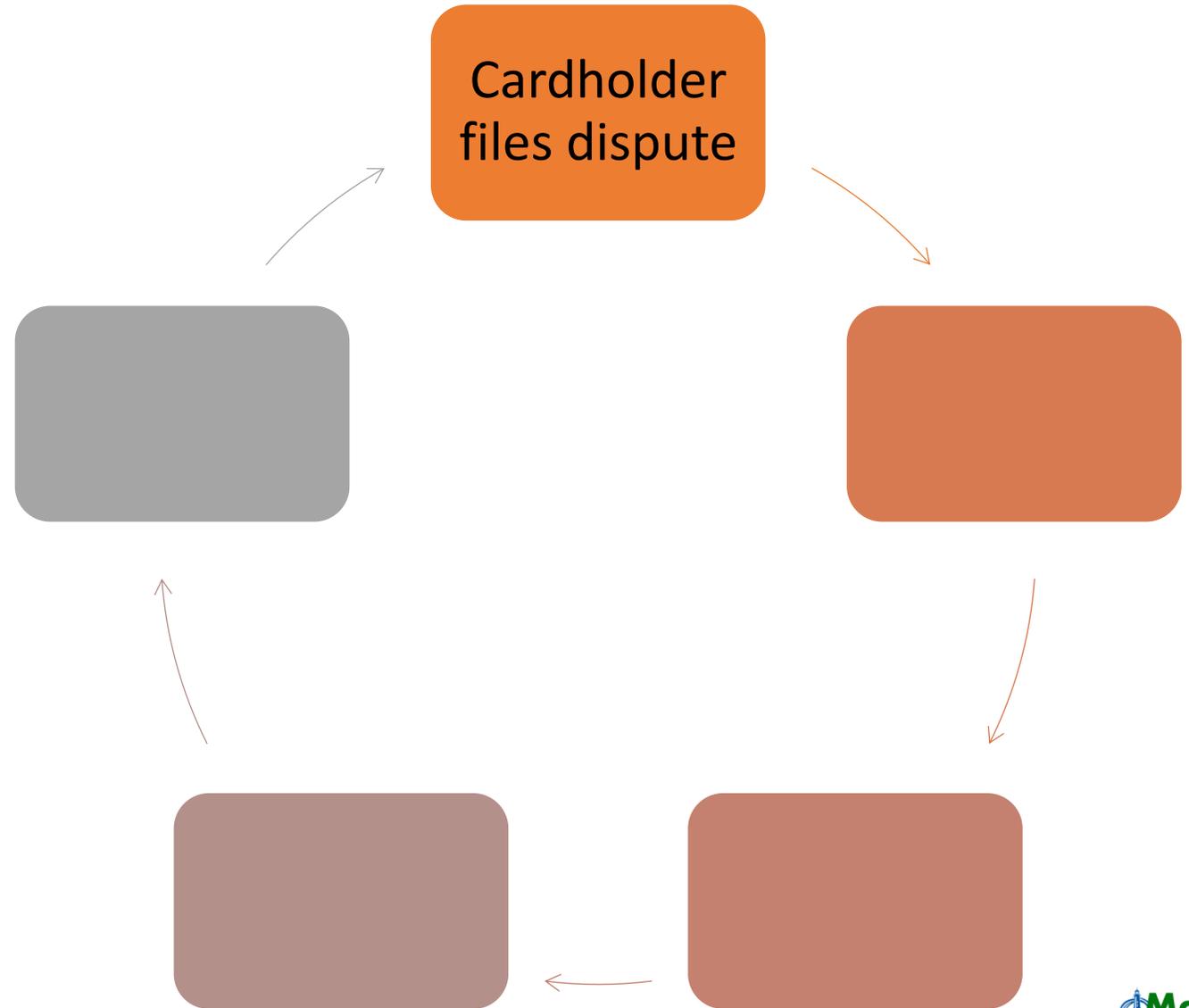
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Regulation E Timeline



Reporting

- Cancel card immediately
- Per Regulation E to minimize liability for subsequent transactions - within 60 days after the institution sends the periodic statement reflecting the error
- Oral or written
- If written is requested by institution, the institution cannot delay initiating or completing an investigation while waiting for written confirmation

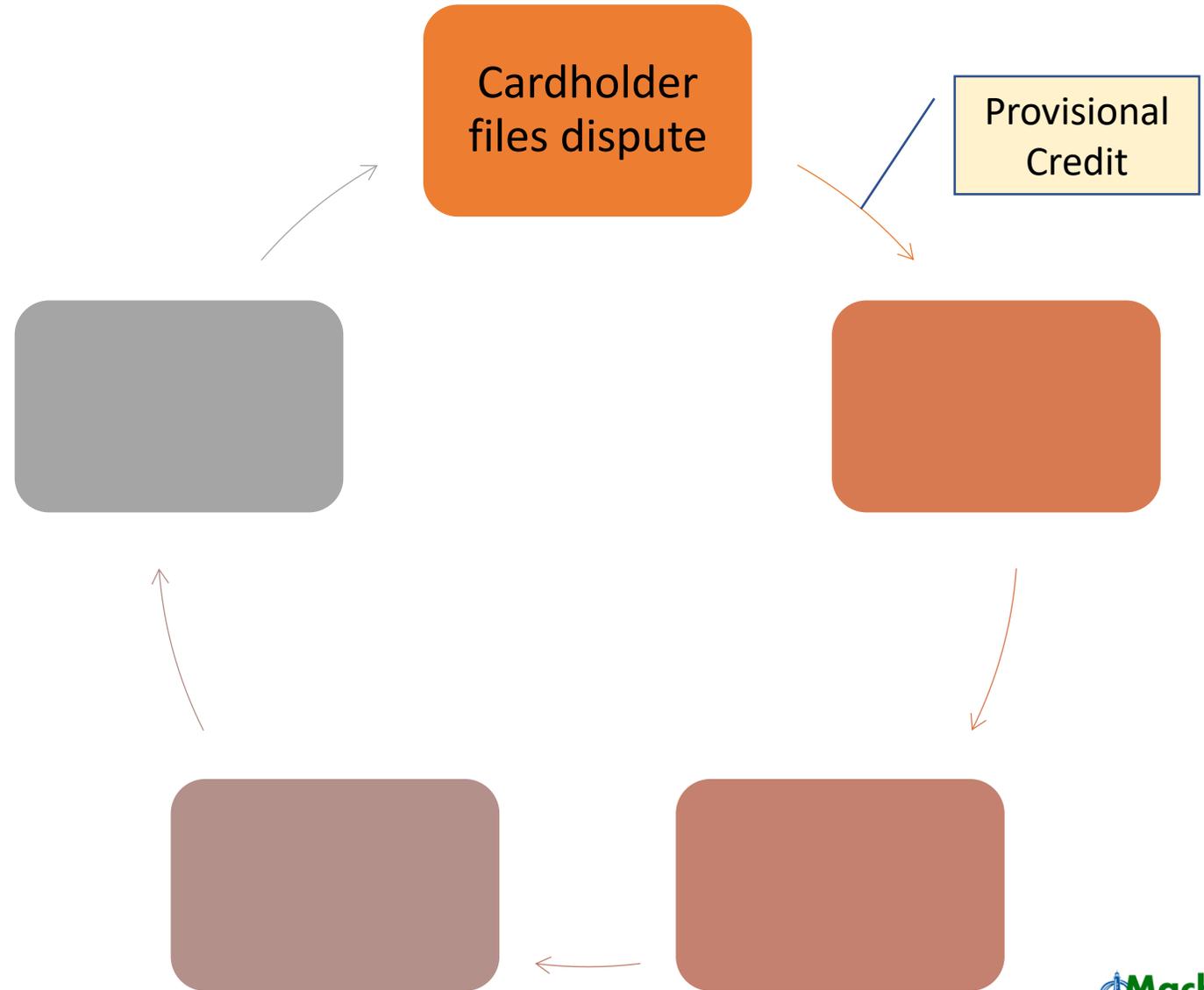


Cardholder Dispute Form

- Form information
 - Cardholder name
 - Full card number
 - Amount of transaction(s)
 - Merchant name(s)
 - Reason for dispute
 - Customer signature and date



Provisional Credit



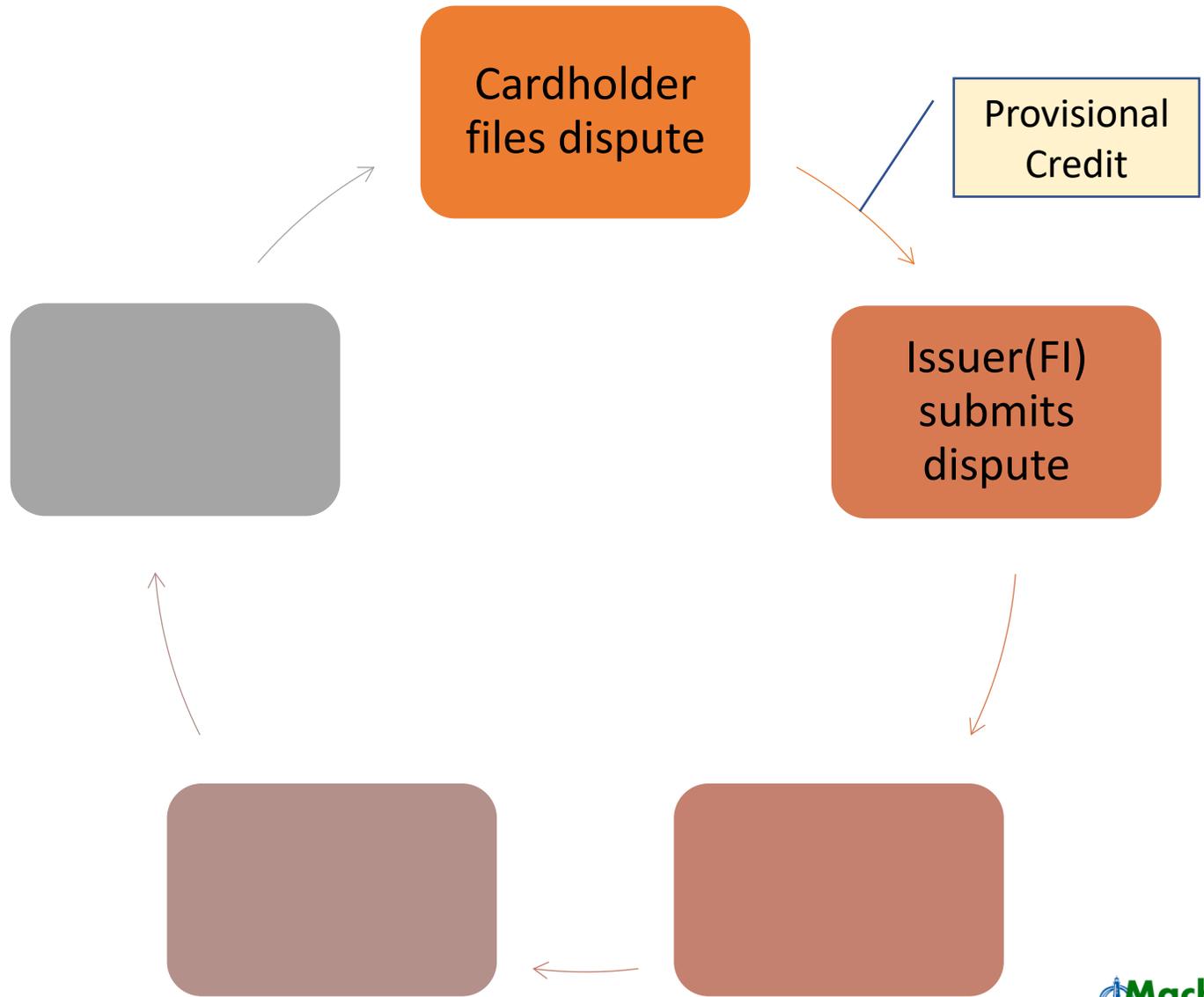
Provisional Credit

FI is provided **45 days** if unable to complete investigation within **10 business days**

- Provisionally credit consumer
 - **Visa** issuers must credit consumer within 5 business days for “unauthorized” disputes
- Provide **notice** of provisional credit
 - Within 2 business days
- Provide full use of funds

Extension of Time frames

- 20 days for new accounts – instead of 10 days
- **90 days for POS/CNP transactions with debit cards**



Submitting the Dispute



Pay attention to the
dollar amount!



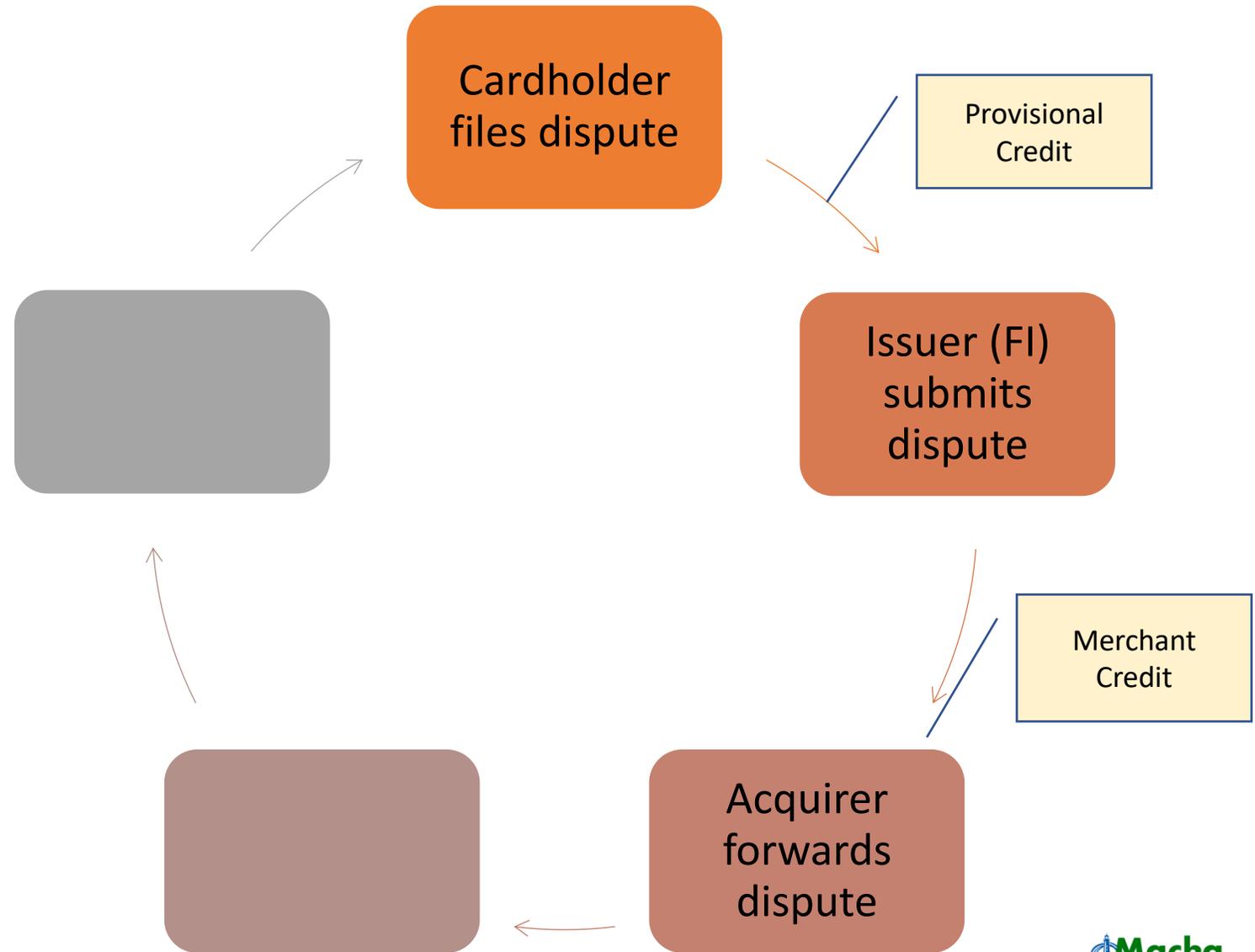
Answer questions



Upload documents

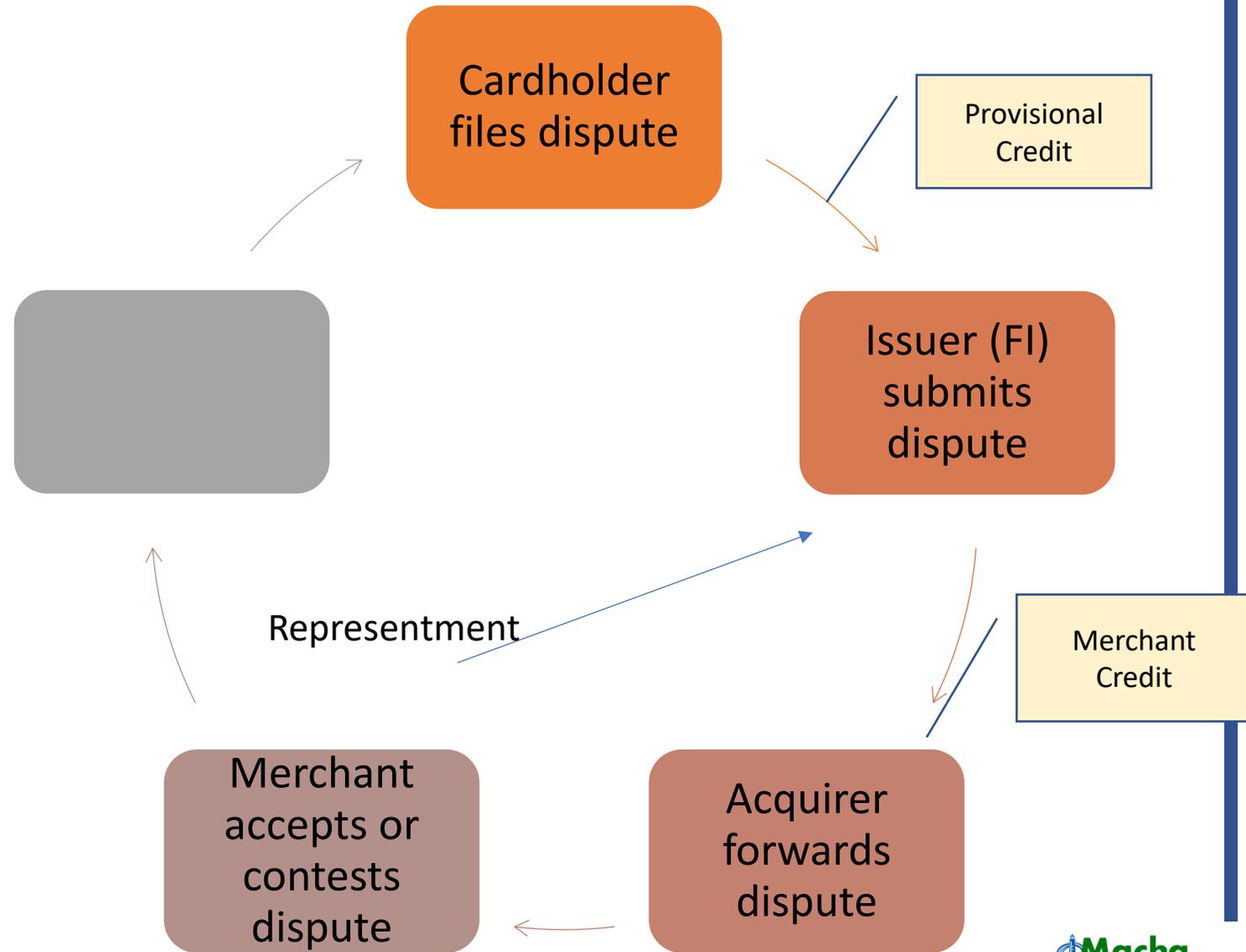
Network/Acquirer

- Acquiring bank debits merchant and credits issuing bank
 - For **Card Present** transactions
 - Issuer in many cases will take the loss for “unauthorized”
 - Remember it is your burden to prove authorized to consumer
- For **Card Not Present** transactions
 - Loss allocation may shift in some cases to merchant
 - Merchant has right to provide proof of transaction



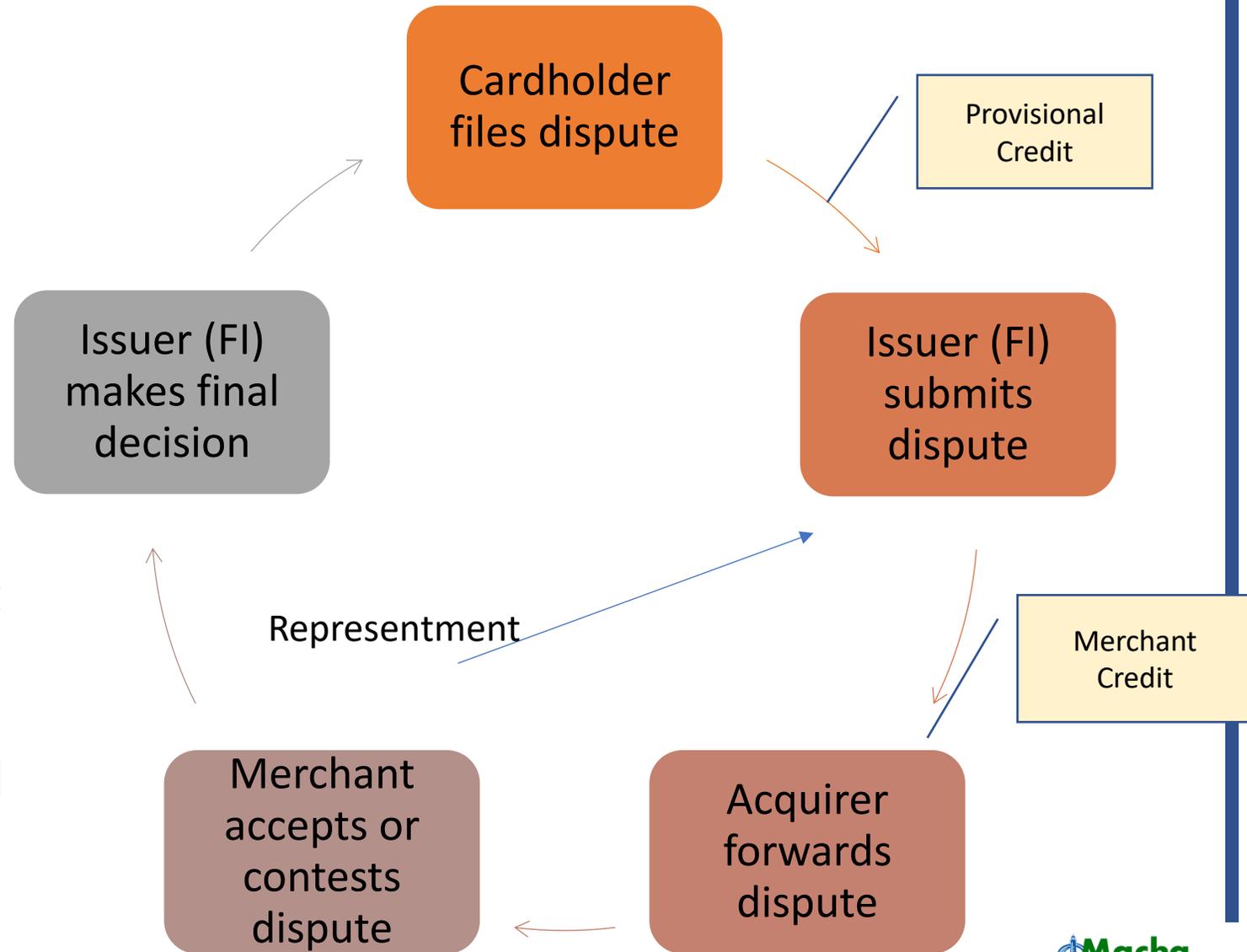
Merchant

- Can accept or contest chargeback – 45 days Mastercard, 30 days Visa
- If contested, sends evidence to acquiring bank
- Representment - Funds are passed back from issuing bank to acquiring bank as temporary credit to merchant



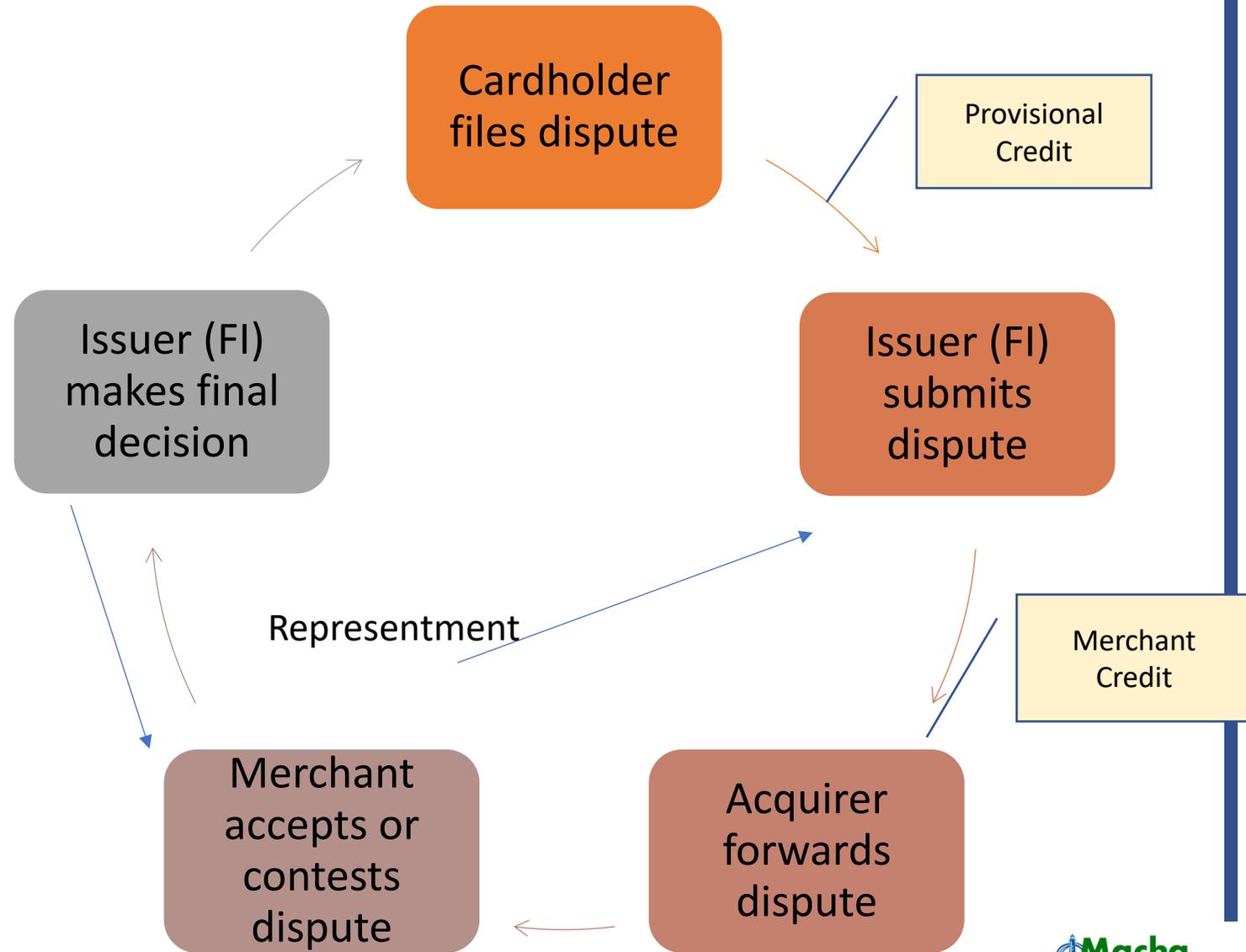
Issuing Bank

- Reviews evidence
- Can rule in favor of merchant
 - Reverse provisional credit
 - Notify cardholder within 3 business days
- Notice should indicate right to request documentation
- 5 business days after provisional credit is debited



Issuing Bank

- Can file pre-arbitration/second chargeback
- New documents uploaded
- 45 days Mastercard, 30 days Visa
- May receive credit again
 - 90 days for Reg E!



What the FI Must Do

Investigation complete

- If “error” you must refund any fees & interest
- Provide notice within 3 business days of final completion

If you determine no “error”

- Reversing provisional credit
 - Provide notice
 - Debit immediately and monitor account for 5 days
 - Or
- provide notice that account will be debited in 5 days
- If you determine no error
 - written notice must be provided
 - consumer right to request supporting documentation

A tale of two clocks...

Regulation E - consumer timeframe



Card Networks – FI funds recovery timeframe

Fraud Example

- 2/14
- \$89.99 Match.com
- Mastercard

- Statement 2/1 – 2/28



Let's follow the steps...

Close the card

Cardholder Dispute form

Provisional Credit within 10 business days – send letter

- What's your FI threshold?
- **Check for OD fees and/or interest to refund

Submit the Dispute

Merchant Credit Received

Option A

- Merchant doesn't respond within 45 days
- Dispute can be closed
- Send letter to cardholder within 3 business days of final decision



Option B



- Merchant provides evidence in a representment
- Funds back to acquiring bank
- If valid evidence, issuer can side with the merchant
- Reverse provisional credit
- Notify cardholder within 3 business days
- Right to request documentation
- 5 business days after provisional credit is debited

Option C

- Merchant provides evidence in a representment
- Funds back to acquiring bank
- If evidence is invalid, issuer can file pre-arbitration or second chargeback
- New documents uploaded
- Another 45 days Mastercard, 30 days Visa to respond
- Credit back to issuer
- ** While waiting for results, 90 days may be up!



Additional thoughts...

- What about low dollar disputes? Do I have to investigate?
- What about MC/Visa \$0 liability?
- What's different about non-fraud disputes?





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