BANK OF AMERICA

5 tips for preventing chargebacks

Best practices for restaurants

Global chargeback volume was estimated to reach $117 billion by the end of 2023.[1] While restaurants have traditionally avoided large numbers of disputes because issues can be rectified while customers are present, the rise of online delivery orders is changing that dynamic. But there are steps you can take to minimize and effectively manage chargebacks.

1 Be recognizable and accessible

- Make your billing descriptor easy to recognize so customers won't think it's a fraudulent charge when they look at their statement
- Ensure that people know how to contact you: Put your phone number, website and social media channels on customer receipts

2 Communicate clearly with in-restaurant customers

- Ensure that people understand policies around minimum spend, party size and cancellation fees, both at the time of reservation and sale
- Be clear about how gratuities are added, and get additional authorization on gratuities that exceed 20%
- Rectify grievances on the spot, before final charges are submitted
- When opening a tab, obtain a form of ID, such as a driver's license.
- Always collect a signature when a tab is closed or an EMV (chip and pin) transmission is approved

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3 Protect your pickups

- Collect additional information from every customer, such as a phone number or email address
- Verify who's picking up the order by using the credit card that was used to make the purchase or checking the person's ID
- Collect a signature when someone picks up an order
- Provide notification, including a time stamp of when an order was picked up

4 Get delivery right

- Make menus as clear as possible by including photos and accurate descriptions

- If something doesn't seem right, it's worth verifying: Orders with unusual duplicate items or items that are larger than usual should be treated with extra scrutiny
- Provide a fully itemized receipt
- Collect a signature on delivery, or a photograph for contactless delivery
- Maintain records from delivery partners that orders were delivered, including timestamps

5 Use all the tools at your disposal

- Require CVV codes for takeout and delivery orders
- Train staff to follow through on voids and refunds
- Encourage feedback from customers (for example, through a post-meal survey with an incentive) so you can anticipate potential problems
- Upgrade to the latest EMV readers and payment technology
- Talk to your banking partner and credit card providers about tools and software to help automate and manage chargebacks
- Devise internal processes that make it easier to challenge chargebacks

[1] https://chargebacks911.com/chargeback-costs/, February 2022.