

5 tips for preventing chargebacks

Best practices for retailers



Global chargeback volume was estimated to reach \$117 billion by the end of 2023.¹ For retailers, this means hefty fees, lost merchandise and increased overhead. 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 customer service number, website and social media channels on receipts
- Prioritize customer service so you can deal with issues quickly

2 Ensure that people know your policies before they buy

- Chargebacks are sometimes seen as an easy way to return a product, so make cancellation/return information readily understandable and prominent
- Set out your guarantee policy
- Have clear steps that customers should take if they are dissatisfied, and make sure you have an internal process set up



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3 Communicate with customers — and document that you did

- Provide the customers' full delivery address on the proof of delivery, or ensure that the order form includes the delivery address and links to the proof of delivery/tracking number
- If you allow customers to buy online and pick-up in store, get a signature when the merchandise is collected
- If you're installing a service, set reasonable expectations around timing and get the customer's signature on the work order
- Be available: Answer the phone and emails, and check social media accounts

4 Be consistent, fast and fair

- Only submit billing after the product or service is shipped, and don't bill for back-ordered items or voided transactions
- Issue timely refunds and credits for merchandise returned, canceled or not received
- If you're not issuing a refund, provide a detailed explanation of your decision
- For damaged or defective merchandise, ensure that repairs or exchanges are done quickly and to the customer's satisfaction
- Educate staff on complaint procedures

5 Use all the tools at your disposal

- Use standard cardholder information, available to everyone, to verify transactions
- Verify any transactions that seem out of the ordinary or are over a preset amount
- Talk to your banking partner and credit card providers about tools and software to help automate and manage chargebacks
- Treat chargebacks like any other fraud, looking for patterns and staying vigilant

¹<https://chargebacks911.com/chargeback-costs/>, February 2022.

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